

# OVERVIEW & SCRUTINY BOARD SUPPLEMENTARY AGENDA

**29 January 2025**

The following report is attached for consideration and is submitted with the agreement of the Chairman as an urgent matter pursuant to Section 100B (4) of the Local Government Act 1972

**5 2025/26 BUDGET SETTING CYCLE (Pages 3 - 498)**

Mercury Land Holdings, Bridge Close and Havering Wates Joint Venture reports now attached for scrutiny.

Please note that, whilst the reports are correct at the time of publication, it is possible that they may change significantly by the time they are presented to Cabinet and Council.

**Zena Smith**  
**Head of Committee & Election**  
**Services**

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This Report is part exempt and Appendices A, B and C 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 the financial or business affairs of any particular person, including the authority holding that information, and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

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## CABINET

**Subject Heading:**

**Cabinet Member:**

**ELT Lead:**

**Report Author and contact details:**

**Policy context:**

**Financial summary:**

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## PUBLIC AGENDA

**Mercury Land Holdings (MLH) Business Plan and Budget Update 2025/26.**

Councillor Ray Morgon, Leader of the Council.

Neil Stubbings, Strategic Director Place.

Mark Butler

Assistant Director of Regeneration & Place Shaping

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London Plan 2021

National Planning Policy Framework

Havering Housing Strategy 2014-2017

Havering Local Plan 2016-2031

Havering Climate Change Action Plan 2021

Asset Disposal Programme 2022-2028

Medium Term Financial Strategy

MLH Business Plan 2023 - 2026.

This report seeks Cabinet approval to the Business Plan Update proposed by Mercury Land Holding Limited (MLH),

including an updated funding request; this will be considered by the Council as part of the budget setting process.

**Is this a Key Decision?**

Yes - Significant effect on two or more Wards, Expenditure or saving of £500,000 or more.

**When should this matter be reviewed?**

January 2026

**Reviewing OSC:**

Places Overview & Scrutiny Sub-Committee.

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

People - Supporting our residents to stay safe and well	x
Place - A great place to live, work and enjoy	x
Resources - Enabling a resident-focused and resilient Council	x

**SUMMARY**

This report seeks Cabinet approval for the updated MLH Business Plan 2025/6 and its associated financial commitments. The Business Plan includes an update to the development programme and re-profiles the existing approved funding envelope, which was previously provided by the Council, to projects set out in the Exempt Report & Appendices. The updated Business Plan does not seek any additional funding commitment.

Cabinet should note that the updated MLH Business Plan 2025/6 will, if approved, provide a funding envelope within which MLH can operate. This is because every individual proposal for scheme funding must be supported by the production of a satisfactory business case, which is then subject to further examination and additional governance, at the appropriate time, before the Council can place MLH in funds. This, in turn, is regulated by legally binding funding agreements between the Council as lender and MLH as borrower.

For those not familiar with MLH, and why it was formed, Cabinet resolved to establish a commercially focused company that would deliver housing for private rent and sale in May 2015. Mercury Land Holdings Limited (MLH) was subsequently incorporated in November 2015. MLH is wholly owned by the Council. Since its formation, MLH has established and manages a portfolio of private rented sector (PRS) homes. It has also developed and sold properties for private sale and affordable rent.

The MLH Business Plan seeks to reaffirm MLH's commitment to significant schemes that are critical for the long term success of the company such as Como Street, but also to new schemes which would deliver additional PRS and sale opportunities, that would support the continued growth of the company.

It is proposed that the Council will dispose of assets (land/buildings) to MLH at market value and that the Council will provide finance to MLH through a combination of equity investment and loans. This will constitute capital expenditure for the Council within its approved Capital Programme, to be financed through Council reserves and/or borrowing. The overall financing arrangements will be subject to an assessment of Subsidy Control (State Aid), long term affordability, risk and return on investment by the Council.

The reallocated funds have been modelled and their impact on the Medium Term Financial Strategy (MTFS) is addressed in the exempt part of this report. This seeks to inform Cabinet of the expected outputs from MLH, as well as advising of any changes in the financial position of MLH and the Council's financial commitments to MLH as an investor.

## RECOMMENDATIONS

1. **Approves** the Mercury Land Holdings Limited Business Plan Update (see Exempt Appendix 3).
2. **Agrees** to delegate authority to the Cabinet Member for Regeneration & Development, in consultation with the S151 Officer, the Strategic Director of Place and the Monitoring Officer, to approve the detailed business cases, related viability assessments and funding requirements for the individual schemes noted within the Business Plan as they may be presented during the business plan period, including the authority to enter into all relevant agreements to give effect to the schemes.
3. **Agrees** that the previously allocated funding in the July 2023-2026 Business Plan to MLH, up to a maximum of £270.1 million, is reallocated to projects as updated in the Exempt Agenda, through a combination of equity investment and Subsidy Control compliant loans.
4. **Note** that the individual schemes are subject to detailed business cases to be approved under delegated authority, as set out in Recommendation 2.
5. **Agrees** to delegate to the Strategic Director of Resources, in consultation with the Assistant Director of Regeneration and Place Shaping, and the Deputy Director of Legal and Governance, the authority to determine the principles and processes by which any assets shall be disposed of and the terms of disposal to MLH.

## REPORT DETAIL

1. **Background**
  - 1.1 In May 2015, Cabinet resolved to establish a commercially focused company that would deliver housing for private rent and sale. Mercury Land Holdings (MLH) was duly incorporated in November 2015. MLH is wholly owned by the Council. Since that time, MLH has established and manages a portfolio of private sector rented homes alongside properties for sale.
  - 1.2 The Council's main objectives for entering into the private sector housing market are to:
    - Contribute to, and where possible accelerate the provision of housing supply in the borough, noting the potential adverse effect that an absence of sufficient housing may have on the economic and social well-being of residents and the local economy;

- Ensure a mix of housing, in terms of type, size and tenure, best matched to the needs of Havering;
- Support the Council's regeneration and growth aims, bringing forward high quality development on regeneration sites in key parts of the borough, notably though not limited to, Rainham along the A1306, and Romford Town Centre; and
- Generate an acceptable financial return to the Council by operating a business.

### **Strategic Context**

- 1.3** One of the most significant changes in the UK housing market in the past decade or so has been the rise of the private rented sector (PRS).
- 1.4** It is becoming increasingly difficult for Havering residents to afford homes. Living in a good standard of home, that is affordable and well maintained is a key determinant of good health and wellbeing. A quality rented sector targeting Havering residents would address the Government's criteria. Affordability, coupled with improved connectivity through Crossrail, makes towns such as Romford more attractive for tenants who are being priced out of more central London boroughs and increasingly some mid-zone locations.
- 1.5** There remains an opportunity for the Council to take advantage of this anticipated tenant growth and deliver good quality, well located and well managed PRS developments that will deliver a financial return to the Borough, as well as assisting in meeting its regeneration objectives.
- 1.6** Havering, like many local authorities, needs to make significant savings and generate additional income in order to meet the challenges presented by reductions in government funding and demographic growth pressures on expenditure in statutory services, to balance its General Fund budget over the medium term.
- 1.7** Given this, the Council is seeking to make broader use of its asset base to generate long term revenue income streams. Traditionally, the Council has sold land to housing providers and developers in order to obtain capital receipts, to provide both market and affordable housing and to meet borough wide housing targets. Whilst this approach may still be used by the Council, the involvement of MLH allows the Council to invest capital resources to generate income streams and to deliver on other Council priorities such as regeneration and the provision of good quality housing. As the Council owns the Company, any assets sold to MLH ultimately remain in the ownership of the London Borough of Havering, thus providing a long-term asset base for future generations.

**2. OPERATION OF MERCURY LAND HOLDINGS**

- 2.1** The 2025/26 Business Plan Update shows that the focus of MLH will be to develop sites within the Council's disposal programme alongside those it has acquired from the open market.
- 2.2** The Company will own the market rental units, and will market and manage the rental of those homes.
- 2.3** Units owned by the Company will be let on Assured Short-hold Tenancies, subject to any changes by HM Government, will not be subject to Right to Buy, or to the allocations provisions of Part VI of the Housing Act 1996.
- 2.4** Any affordable housing units resulting from MLH development activity will be transferred to an appropriate housing partner, which may include the Council as a Registered Provider, but is not limited to the Council.

**Resourcing**

- 2.5** MLH has sufficient capacity to deliver its business plan. As the Company grows and its portfolio expands, its level of resourcing will be reviewed to ensure that it continues to operate as an efficient and sustainable business.

**3. GOVERNANCE**

**Council as Shareholder in MLH**

- 3.1** The Cabinet acts as the shareholder, agreeing MLH's business plan.
- 3.2** In line with the recommendations in this report, the Council's rights as shareholder will continue to be exercised by the Council. Ensuring that there is a robust and up to date Business Plan protects the Council's interests as owner of the company. This will be managed through the Council's corporate governance structure.
- 3.3** The Council sends two shareholder representatives to MLH Shareholder meetings.

**MLH Director Roles**

- 3.4** The Company Board is only made up of Directors with specialist knowledge of the sector. MLH will continue to grow, but until MLH achieves critical mass, the Council will continue to support MLH's board through the involvement of the Council's Chief Executive as a member of the MLH Board. The Company will also continue to be supported by an external, unconnected person who has relevant experience in the house building sector as a Non-Executive Director with voting rights alongside the other MLH Directors. It is noted that



all Directors must, amongst other duties, act in good faith and promote the success of the company for the benefit of the Council as its Shareholder. MLH Directors are required to declare if they have any conflicts of interest at each and every MLH Board meeting.

**3.5** The Directors have ultimate responsibility for directing the activities of MLH, ensuring that it is well run and delivering the outcomes for which it has been established. Directors' responsibilities include the following:

- Delivering the Council approved MLH business plan;
- Setting budgets, policies, plans and monitoring performance of MLH, and setting a framework for internal controls;
- Ensuring compliance with MLH's objectives, purposes and values
- Ensuring the financial strength, solvency and good performance of the company;
- Ensuring MLH complies with all relevant legislation and regulations, as well as the requirements and policies of the Council, where appropriate;
- Dealing with the appointment and appraisal of staff;
- Procuring services necessary for the execution of MLH's objectives.

**The Council as Funder**

**3.6** The Council will continue to act as a bank credit committee, whose primary task will be to assess MLH's viability (as an entity) and the viability of each project, which loan funding and equity will be used and, using this analysis, to determine whether to release loan funding to MLH on appropriate business case(s).

**3.7** The Council will regularly monitor and analyse financial information generated by MLH during the lifetime of each loan to ensure that MLH is not in breach of key financial requirements (which are stipulated as funding conditions in each loan).

**3.8** The key areas which the funder role will want satisfied prior to providing funding for a development are:

- That the financial metrics demonstrate that the loan will be repaid;
- There is confidence that the projected rental stream can be maintained and that any sales projections are realistic;
- That base level sensitivities (which will trigger warning signals) for MLH's general performance and each proposed development are properly set and that a sufficient margin is added to the base level to provide reassurance to the funder role. (This will form part of the company's obligations under each loan); and
- That evidence is provided that the terms of financing for each project (loan and equity funding), is Subsidy Control (State Aid) compliant. This advice will be acquired from an expert third party where appropriate.

## REASONS AND OPTIONS

### 4. Reasons for the decision:

- 4.1 The MLH Business Plan Update for 2025/26 provides the Council with the required overview of MLH and its future investment plans. It also provides an appropriate framework within which MLH must operate. The approval of the MLH Business Plan Update 2025/26 would enable the company to continue to grow and to meet the objectives set out in Paragraph 1.2 above, and thus contribute to the financial objectives of the Council.

### 5. Other options considered:

- 5.1 A review of the alternative option of 'do nothing' is not feasible as it would not fulfil the objective of growing the company or meeting the objectives that it was set up to achieve.

## IMPLICATIONS AND RISKS

### 6. Financial implications and risks

- 6.1 The approved Business Plan forms part of the Council's Capital Programme and the capital financing implications of this plan are considered as part of the corporate monitoring, MTFS and annual budget setting process.
- 6.2 The key variances between the previous and updated MLH Business Plan are included in Appendix 2. These are summarised in paragraphs 6.3 & 6.4 below.
- 6.3 The July 2023 Cabinet Report sought a funding commitment of £228.4m including the £20m reactive acquisition fund. The 2025/26 Cabinet report requests the previously agreed funding commitment be reallocated to different projects which better reflect the prevailing market.
- 6.4 The previous 2023-2026 Business Plan, and those preceding it, have outlined the Company's objective of achieving 400 PRS units in its portfolio which will allow it to service its fixed overheads. Rental growth and sale receipts in the interim suggest that MLH may still reach a break-even at 250 units. Nonetheless MLH retains the long-term ambition to achieve 400 units over time.
- 6.5 Please see the Exempt Agenda Report for further information.

**7. Legal implications and risks:**

**General**

- 7.1** The legal implications contained herein relate to the range of projects cited in the MLH Business Plan and generally to the Council in delivering through its wholly owned company. Members established MLH, a company limited by shares and wholly owned by the Council subject to Part V Local Government and Housing Act 1989 and the Local Authorities (Companies) Order 1995. The company's business is the provision of homes for market rent and for sale, and if required through compliance with planning obligations, the construction of affordable homes. Agreement in principle is sought to provide funding to MLH in the form of either equity or loans, and other support and to dispose of Council land to it. Delegations are sought to enable such decisions and finalise the various documents that will be required to facilitate the above, as detailed in the recommendations to this report.
- 7.2** S1 Localism Act 2011 provides the Council with General Power of Competence, to do anything an individual may do subject to statutory limitations. The Council may exercise this power for its own purpose, for a commercial purpose and/or for the benefit of others. Operating a business to let homes at market sale or rent with the intention of making profits is considered a commercial purpose and the Council, in compliance with s4 Localism Act 2011 undertakes that activity through its Company, MLH.
- 7.3** S4 Localism Act 2011 prohibits the Council from engaging in activities for a commercial purpose if legislation requires the Council to fulfil those functions under statutory duties.

**Finance**

- 7.4** S24 Local Government Act 1988 provides the Council with the power to provide a wide range of financial assistance to MLH including making a grant or loan to it and as MLH is a body corporate the Council may under Section 24 (2)(d) acquire share or loan capital in it.
- 7.5** S111 Local Government Act 1972, provides Councils with the power to do anything whether or not involving the expenditure, borrowing or lending of money or the acquisition of property rights which is incidental, conducive or calculated to facilitate the exercise of any of their functions. This would include the exercise of functions under S1 Localism Act 2011. The Council could rely on this power to provide the company with loans and other support such as providing staff and the use of premises. Any support provided must be subsidy control compliant (see below) and will be the subject of agreements between the Council and MLH.
- 7.6** If the Council intends to borrow to lend to MLH, Reg 25 Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (SI 2003/3146) treats the giving of a loan by a local authority to a third party (such as MLH)

towards expenditure (e.g. works on a new buildings) as capital expenditure providing that if the local authority itself incurred that expenditure (it borrowed to undertake the works itself) it would treat that expenditure (under proper accounting practices) as capital expenditure. It should be noted that the Council borrowing to lend to MLH in connection with revenue funding is not permitted. Any Council borrowing must comply with prudential borrowing code under Part 1 Chapter 1 Section 1 Local Government Act 2003, a local authority may borrow for any purpose relevant to its functions or for "the prudent management of its financial affairs"

### **Land disposal and financial assistance**

- 7.7** S32 Housing Act 1985 requires the Council to obtain the Secretary of State's (SoS) consent for the disposal of land held under the Council's HRA. The SoS has issued the General Housing Consents 2013 (the General Housing Consents) which set out circumstances in which the SoS pre-approves/pre-consents to a local authority disposing of HRA land and property. Consent A 3.2 of the General Housing Consents permits the Council to dispose of vacant land. Members should note that vacant land means land where there are no dwellings and/or where any dwellings are no longer capable of human habitation and are due to be demolished.
- 7.8** The Council is entitled to dispose of land held by its General Fund (including buildings) to a third party provided it complies with s123 Local Government Act 1972. This requires it to obtain a consideration which is not less than the best it could reasonably obtain. If the Council disposes of a property at an "under-value" it does require the consent of the SoS (except for limited circumstances such as short term leases).
- 7.9** If the Council was able to sell at an under-value (and remain Subsidy Control compliant) the Council may be able to rely on Circular 06/03 (the Local Government Act 1972 – disposal of land for less than best consideration) which sets out circumstances in which the SoS pre-approves/pre-consents to the disposal of General Fund land at an under-value. If this consent is to apply then the "under-value" (in relation to a disposal) must not exceed £2m and the Council's purpose in making such a disposal must be to contribute to the economic social or environmental well-being of the authority's area and/or its residents.
- 7.10** The finance which Members are requested to approve in principle (whether on commercial terms or otherwise) constitutes 'financial assistance' under the terms of s24 Local Government Act 1988 which permits the Council to provide financial assistance to any other person for the provision of "privately let accommodation". If the Council exercises its powers under this section then under s25 it must obtain the consent of the SoS to do so. The SoS has set out pre-approved consents in the "General Consents 2010" (July 2011 updated in 2014). If the circumstances of financial assistance meet one of the criteria in the General Consents then the SoS consent is given.

- 7.11** S24 Local Government Act 1988 provides the Council with the power to provide a wide range of financial assistance to MLH including making a grant or loan to it and as MLH is a body corporate the Council may under Section 24 (2)(d) acquire share or loan capital in it. The current version of the General Consents 2011 contains Consent C. Under this consent the Council could provide financial assistance to any person.
- 7.12** When exercising its powers, the Council must, as with any other power, have regard to its own procedural rules, the Wednesbury principles of reasonableness and its fiduciary duties. It must also ensure that its powers are used for the proper purpose.

### **Fiduciary Duties**

- 7.13** The Council's fiduciary duties could be briefly summarised as it is acting as a trustee of tax and public sector income on behalf of its rate and Council-tax payers. The Council in effect holds money but does not own it; it spends money on behalf of its business rate and Council tax payers.
- 7.14** In making the decisions concerning MLH, the Council considers whether making investment and or extending loans to that body (and similar activities) should give proper consideration to the risks and rewards of approving the recommendations. In practice Members will want to consider whether the Council will achieve an appropriate return for its risk and that the Council has minimised the risk and potential cost to it if MLH became insolvent and/or defaulted on its loan(s).
- 7.15** Consideration should also be given to whether the Council's involvement in this arrangement is proportionate and properly balanced against the anticipated benefit as well as the wider interests of its local business rate and tax payers. On a practical basis this means that Members should consider whether the monies they are requested to approve for investment/lending, could be better used by the Council for the wider interests of its local tax payers. This should include considering the impact on the Council (and therefore its local tax payers) if MLH became insolvent or otherwise defaulted on loans it had taken from the Council.

### **Subsidy Control (State Aid)**

- 7.16** The Council is required to provide funding and ensure it operates in accordance with the Subsidy Control Act 2022.
- 7.17** It is important that any loans/credit or other support provided to MLH are state subsidy compliant. Loans/credit which the Council generally makes available to MLH must be made on commercial terms and at a commercial interest rate. If the Council subsequently chooses to make an equity investment into MLH its must ensure this is done on commercial terms as a market investor. It will be necessary for the Council to obtain independent confirmation that such

arrangements have been made on commercial terms prior to them being entered into.

**8. Human Resources implications and risks:**

**8.1** There are no HR implications arising for the Council relating to the recommendations in this report.

**9. Equalities implications and risks:**

**9.1** The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 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;
- (ii) the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) foster good relations between those who have protected characteristics and those who do not.

Please note 'Protected characteristics' are: age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

**9.2** An Equality Impact Assessment was undertaken on the establishment of the private sector focussed Council owned Housing Company, the results of which led the Council to believe its operation will have a positive impact on local residents, businesses and staff.

**9.3** As the Company was established by the Council, its development had to be compliant with the Public Sector Equality Duty (PSED) in the Equality Act 2010 (EA10).

**9.4** There are no adverse equalities implications directly arising from the updated MLH Business Plan. Equalities issues will need to be considered, as appropriate, on a scheme by scheme basis, when individual development projects are being formulated as part of the design and planning process.

**10. Health and Wellbeing implications and risks:**

**10.1** There are no direct implications arising from the proposed provision of funding to MLH.

**10.2** Indirectly, the proposed provision of funding will have a positive impact by enabling new housing to be produced which will help to address the overall

need for new housing in Havering as set out in the Council's Adopted Local Plan.

- 10.3** All new housing will be built having regard to extant planning policy and building control standards. Amongst other things, flood prevention and mitigation measures have been considered, as appropriate, through the planning application process. The new homes will be warm, well-ventilated and conform to appropriate space standards, all of which will help to support individual health and well-being.
- 10.4** The provision of new homes generally can help to support the local economy by providing homes near to employment areas as well as supporting the economy through the operation of the construction sector and associated supply chain.

**11. Environmental and Climate Change implications & risks:**

There are no adverse environmental and climate change implications directly arising from this report, which concerns the updated MLH Business Plan.

That said, the development of the schemes identified in the Business Plan will need to address all planning and building control requirements, which amongst other things, will include consideration of climate change

These will be addressed as individual schemes are brought forward for further approval

**BACKGROUND PAPERS**

**MLH Business Plan Update 2023 – 2026 (agreed at July 2023 Cabinet)**

**EXEMPT APPENDICIES**

**Exempt Appendix 1: Exempt Part of this Cabinet Report.**

**Exempt Appendix 2: Commercial Review of Proposed MLH Schemes.**

**Exempt Appendix 3: MLH Business Plan Update 2025/26.**

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It is in the exempt part of the agenda because it refers to information relating to the financial or business affairs of any particular person (including the authority holding that information) and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

CABINET	5 <sup>th</sup> February, 2025
<b>Subject Heading:</b>	Bridge Close Regeneration LLP Business Plan Refresh 2025-2026
<b>Cabinet Member:</b>	Councillor Graham Williamson Cabinet Member for Development and Regeneration
<b>SLT Lead:</b>	Neil Stubbings Strategic Director of Place
<b>Report Author and contact details:</b>	Nick Gyring-Nielsen Senior Regeneration Manager <a href="mailto:nick.gyring-nielsen@havering.gov.uk">nick.gyring-nielsen@havering.gov.uk</a>
<b>Policy context:</b>	<p>The Council has sole ownership of a delivery vehicle, Bridge Close Regeneration LLP (BCR LLP), to deliver the regeneration of Bridge Close, Romford pursuant to the Council's ambitions for regeneration as set out in the Local Plan, the Romford Area Action Plan (2008), the Romford Town Centre Development Framework (2015) and the emerging Romford Masterplan and new Local Plan.</p> <p>The Bridge Close Regeneration LLP Business Plan 2019/2020 was approved by Cabinet on 13 February 2019, including funding provision reflecting 50% Council ownership of BCR LLP operated as a joint venture vehicle at the time.</p> <p>This report provides an update of the Bridge Close Regeneration LLP Business Plan 2024-2025 in light of the Council having acquired full interest in BCR LLP on 29<sup>th</sup> October 2020 and</p>

the approval by Cabinet authorising the update of the Bridge Close Regeneration LLP Business Plan to reflect the approved changes to the funding and delivery arrangements set out in the 16<sup>th</sup> December 2020 Cabinet report.

**Financial summary:**

The Council has made provision in the financial year 2024/2025 to provide funding for the Council's capital contributions to meet financial commitments arising from the operation of Bridge Close LLP (BCR LLP) in accordance with the project documents, the BCR LLP Business Plan 2024/2025, and the approval by Cabinet of the recommendations relating to the funding and delivery arrangements set out in the 16<sup>th</sup> December 2020 Cabinet agenda.

This report outlines proposed changes to the Business Plan, and recommends a revised budget to enable its implementation.

**Exempt Information & Grounds**

Appendices B and C and the Exempt Agenda Report 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 information relating to the financial or business affairs of any particular person (including the authority holding that information), and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

**Is this a Key Decision?**

This is a key decision because the expenditure exceeds £500,000.

**When should this matter be reviewed?**

December 2025

**Reviewing OSC:**

Place

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

People – Things That Matter for Residents	X
Place – A Great Place to Live, Work and Enjoy	X
Resources – A Well-run Council That Delivers for People and Place	X



**SUMMARY**

- 1.1 The Council established a joint venture development vehicle, Bridge Close Regeneration LLP ('BCR LLP', 'Joint Venture' or 'JV') to bring forward the proposed regeneration of the site known as Bridge Close (see plan with red line at Appendix A). BCR LLP was until October 2020 jointly owned between the Council and a private sector partner. On 16<sup>th</sup> September 2020, Cabinet approved the proposed acquisition by the Council of the private sector interest in BCR LLP and on 29<sup>th</sup> October 2020, the Council entered into a purchase agreement to acquire the interest in BCR LLP that it did not already own from the private sector partner.
- 1.2 In light of the Council acquiring full control of Bridge Close Regeneration LLP, on 16<sup>th</sup> December 2020, Cabinet considered a number of recommendations relating to the future funding and delivery of the scheme. Approval was granted for the Council to deliver the regeneration of Bridge Close directly, funding the development entirely through Council resources, predominantly using the Housing Revenue Account. Cabinet approved a budget with referral to and subsequent agreement by Full Council on 3<sup>rd</sup> March 2021. Subsequently, the Bridge Close Regeneration LLP Business Plan 2022/2023 was approved by Cabinet on 16<sup>th</sup> February 2022 and thereafter adopted by the Bridge Close Regeneration LLP.
- 1.3 The Business Plan forms part of a comprehensive suite of project documents, including the Members' Agreement, the Land Agreement, the Land Acquisition Strategy, the Security Agreement and the Loan Note Instruments, which amongst others, set out the strategy and the terms and conditions for provision of funding by the Council as principal Member of the Joint Venture (noting that a wholly owned company of the Council acts as second member of the JV). The Business Plan is a suite of strategy and policy documents, including a budget and financial model with detailed forecasts, which provides a management framework for delivering the vision and objectives for the regeneration of Bridge Close.
- 1.4 In accordance with the Members' Agreement, the Board of Bridge Close Regeneration LLP must prepare, issue and agree a draft Business Plan to the Council as Member. Once agreed, the draft Business Plan would replace the then current Business Plan as the formal Business Plan adopted by the Bridge Close Regeneration LLP.
- 1.5 This report provides an update of the Business Plan and a review of key work streams underpinning the delivery of the Council's vision for Bridge Close. It provides an update of the budget and financial model approved by Cabinet in December 2020 and recommends that the updated Business Plan be agreed, noting the significant benefits to the regeneration of Romford town centre, the contribution towards Havering's target for housing delivery, including affordable housing, and the expected financial returns anticipated in the plan.

**RECOMMENDATIONS**

**That Cabinet:**

1. Approve the draft Bridge Close Regeneration LLP Business Plan 2025-2026 (the Business Plan) as attached at Appendix B.
2. Agree the provision of a budget to enable the funding and delivery of the regeneration of Bridge Close as required and detailed within the exempt Financial Implications and Risks section; this budget to be included within the proposed HRA Capital Programme that will be considered by Cabinet in the Housing Revenue Account Business Plan update.
3. Agree that the Cabinet Member for Regeneration, after consultation with the Strategic Director of Place, the Strategic Director of Resources the and the Deputy Director of Legal and Governance, approve detailed business cases, funding arrangements and legal agreements, respectively, as may be required to deliver the regeneration of Bridge Close as per the Business Plan 2025-2026.
4. Note that the Strategic Director of Place will continue discussions with the Havering Islamic Community Centre (HICC) with a view to relocating the HICC to a suitable alternative site elsewhere.
5. Note that the Strategic Director of Place will continue discussions with the London Ambulance Service (LAS) with a view to relocating the LAS to a suitable alternative site elsewhere.
6. Note that the Strategic Director of Place, in consultation with the Strategic Director of Resources the and the Deputy Director of Legal and Governance, will bring forward a report providing status of the proposed making of the Compulsory Purchase Order (CPO) for the Bridge Close Regeneration scheme at the appropriate time in the financial year 2025-2026.
7. Authorises the Strategic Director of Place, acting in consultation with the Strategic Director of Resources and the Deputy Director of Legal and Governance, to negotiate, finalise and enter into all necessary legal agreements as may be required, and to do anything incidental to bring into effect the proposed arrangements set out in Recommendations 1-6 inclusive.

**REPORT DETAIL**

**2.0 Background**

- 2.1 Bridge Close is a 3.94 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 in Romford.
- 2.2 The Business Plan, forming part of the legal agreements adopted on establishment of Bridge Close Regeneration LLP in April 2018, sets out a suite of strategies, plans, work streams and activities designed to give effect to the implementation of the Objectives of the Joint Venture (JV).
- 2.3 Amendments to the Business Plan for the year 2019-2020 were approved by the Council as Member in February 2019 and adopted by the Board of the JV. As set out above, this Cabinet report provides an update to the adopted Business Plan and provides a draft Business Plan for the year 2025-2026 for consideration by Cabinet. The draft Business Plan is included in the exempt agenda Appendix B of this report due to the commercially sensitive nature of the information.
- 2.4 The Objectives of the JV as set out in the Business Plan are the following:
- i. To undertake the regeneration of Bridge Close, by way of housing development and other ancillary beneficial development, for the benefit of the Borough and its residents;
  - ii. To secure wider social and economic benefits (including employment opportunities) for the benefit of existing and new residents of the Borough;
  - iii. To incorporate land belonging to other occupiers and owners, both public and private sector, into the development;
  - iv. To achieve an acceptable return for the benefit of the JV and its Members, having regard to the principal objective remains the regeneration of Bridge Close.
- 2.5 In pursuing these objectives through the JV, the Council aims to ensure the following:
- i. A comprehensive development, which delivers infrastructure for the residents of the new development and for the whole of Romford;
  - ii. Direct control over the quality, timing, and implementation of development (separate from, and in addition to, its role as planning authority);
  - iii. Direct control over the housing tenure mix and the ability to maximise the provision of affordable housing, having regard to the needs of the people of Romford and Havering;

- iv. A greater influence and control over support given to businesses, community groups and residents displaced or seeking relocation.
- 2.6 As such, the Council's main objective remains the regeneration of Bridge Close. The development will transform a key part of Romford town centre, delivering a comprehensive development, comprising all of the following:
- Up to 1,070 new homes (incl. between 35% and 50% affordable homes subject to viability)
  - A 3-form entry primary school with nursery and SEND provision
  - A community and cultural space
  - A local health facility
  - Commercial floor space, including affordable work space
  - Improved east-west links, including a new pedestrian and cycle bridge
  - Environmental improvements to the River Rom.
- 2.7 Save for minor proportional changes as a result of continued design development, the scope of uses and quantum of development has remained substantially unchanged since the last review and adoption of the Business Plan in February 2024.
- 2.8 Further details of the financial strategies and policies underpinning the current draft Business Plan, including a detailed budget and forecasts for funding and delivering the regeneration of Bridge Close are provided in the exempt part of the report due to the commercial nature and sensitivity of the information.

### **3.0 Scheme Review**

- 3.1 In view of the Council's commitment to bringing about a comprehensive redevelopment of Bridge Close, Bridge Close Regeneration LLP is progressing activity in the following key areas:
- i. Planning and Consultation
  - ii. Design Development
  - iii. Land assembly
- 3.2 This reflects the Council acquiring full control of Bridge Close Regeneration LLP in October 2020 further to the approvals granted by Cabinet on 16<sup>th</sup> December 2020.

### **3.3 Planning**

- 3.3.1 The planning application for Bridge Close has been developed in accordance with the Planning Strategy forming part of the Business Plan. The Planning Strategy and by extension, the planning application, takes account of existing and emerging planning policy and aligns to the vision for the regeneration of Bridge Close. The Strategy outlines the approach and scope for the planning application(s) across all phases of development and considers the anticipated planning obligations that may apply.
- 3.3.2 The planning application was submitted in November 2023. It takes the form of a hybrid planning application submitted for the whole site, seeking full detailed planning permission for an initial Phase 1 of the development and outline permission for the remainder of the site. Detailed planning permission is sought for Phase 1, comprising approximately 383 new homes, flexible commercial floor space, a three form entry primary school and nursery, a pedestrian and cycle bridge as well as new public realm works and associated infrastructure, including the revitalisation of the River Rom.

3.3.3 Outline planning permission is sought for the remainder of the site. The outline permission will be accompanied by detailed parameter plans and a design code to inform future detailed proposals for future phases, serving to ensure design continuity and to safeguard the Council's vision and the comprehensive nature of the development. For each future phase with outline planning permission, a detailed (reserved matters) planning application will be submitted to the local planning authority for approval before progressing.

3.3.4 Throughout 2024, the planning application suite of plans and documents have been subject to review in light of the adoption of the new London Plan in March 2021, the Havering Local Plan as well as other existing and emerging planning policy and building regulations, including the Building Safety Act 2022. Studies, surveys and assessments have been reviewed to ensure alignment and compliance. Whilst the review has been comprehensive across all relevant areas, the following continue to be in particular focus:

- i. Fire Strategy – minimising risk to life safety through the implementation of a fire strategy for the development in compliance with planning policy, building regulation and relevant codes of practice. Designs and plans have been reviewed in light of proposed amendments to British Standard 9991 Fire Safety regulation, including the inclusion of dual stair cores in residential developments for concurrent firefighting and evacuation purposes, floor compartmentation and smoke ventilation.
- ii. Flood risk and enhancing flood resilience measures for the safeguarding of residents, buildings, plant and equipment.
- iii. Energy Strategy – focusing on communal centralised energy provision using air source heat pump technology and the opportunity to connect in the future to wider heating distribution networks as required.
- iv. Climate change and net zero carbon review – achieving net zero compliance, including reducing CO<sub>2</sub> emissions for both domestic and non-domestic buildings to achieve at least a 35% on-site reduction against the baseline as set out in Building Regulations Part L 2013.

3.3.5 In addition to considering the impact of new and emerging policy and regulation on key physical aspects of the development, such as height and massing in the context of Romford town centre, continued consideration is also being given to the long-term housing needs of local people in Romford and Havering more widely. Whilst provision of approximately 35% affordable housing is proposed, review of the appropriate tenure mix will ensue further to submission of the planning application, having regard to planning policy, the Council's housing needs and how the level of provision may affect the viability of the project.

3.3.6 Recognising the regeneration of Bridge Close is subject to additional stages of design development before commencement of works, further review of proposals will take place in the future to ensure continued compliance with existing and emerging policy, building regulations, codes of practice, and importantly, the needs of local people.

### **3.4 Consultation**

3.4.1 Further to submission of the planning application, consultation has continued in 2024 with the Local Planning Authority (LPA), Highways Authority and with other key stakeholders. This follows numerous pre-application meetings with the LPA, the

Greater London Authority (GLA), the Strategic Planning Committee, an independent Quality Design Review Panel and internal stakeholders already held since 2019.

3.4.2 Importantly, following the submission of the planning application, the LPA oversaw a statutory period of consultation, which allowed stakeholders, statutory consultees and members of the local community to comment on the proposed development. In responding to representations made, BCR LLP has progressed proposals for design and wider land assembly to meet with concerns, policy and regulatory requirements. A formal response to comments and representations will be submitted to the LPA, prompting a further 28-day statutory consultation in advance of presenting the scheme for consideration by the Council's Strategic Planning Committee.

### **3.4.3 Primary School & Health Building**

3.4.4 Consultation also continues with key education and health economy partners in order to meet potential rising demand for services to support growth in the local community. As such, the Council will deliver a new 3-form entry primary school and a health building through the BCR LLP. The Council is proposing to fund the acquisition of the school from the Wave 14 Free Schools Capital Programme allocated by the Department for Education (DfE) and through own resources, if appropriate, including borrowing and where possible from S106 and CIL contributions. BCR LLP continues to consult with Children's Services and the DfE to plan ahead for the delivery of BCR LLP's proposals, having regard to the demand for pupil places arising from the developments at Bridge Close, Waterloo & Queen's Street, and the former Ice Rink site as well as new adjoining communities in Romford town centre. The primary school is expected to be delivered in the initial phase of the development

3.4.5 The projected need for additional secondary school places in the Central secondary planning area (area where Bridge Close is) begins in 2026/27. To meet this need it is proposed to implement a 1 FE permanent expansion at one secondary school in the Central planning area in 2026/27, for which funding is already secured. The year 7 intake for future years will be monitored and if it appears that the growth in year 7 in 2027/28 will be sustained, Children Services will initiate planning for a new secondary school. The need for a new secondary school is closely linked to the proposed housing within the wider Romford area, as set out in the Romford Masterplan.

3.4.6 The Council continues its discussions with local healthcare authorities and partners to facilitate the delivery of a new health building on Bridge Close in accordance with integrated healthcare infrastructure capacity planning in Havering. The building would provide services from across the integrated care system, which may include primary and social care, community services and other specialist services, including enhanced diagnostics where appropriate. By bringing services together, the health building would play a vital role in improving access for members of the local community and reducing pressures in other parts of the local health economy. The health building would be expected to be delivered in phase two of the development.

3.4.7 The NHS North East London Integrated Care Board (ICB) has recently suggested that additional health space needs may also be met through a financial contribution to extending services in other existing surgeries in Romford, serving as an alternative appropriate means of mitigating the impact of the Bridge Close development. The Council and the ICB continue to work in partnership to establish the most effective way to meet with the increasing health service demands that may arise from the development.

### **Affordable Housing**

- 3.4.8 It is anticipated that the development will provide approximately 35% affordable housing, subject to viability. This is in accordance with the principles underpinning existing funding support for 35% provision agreed with the Greater London Authority (GLA). Further to discussions with the GLA in light of the London Plan, affordable housing provision below the 50% policy guidance threshold may be acceptable in circumstances where land has been acquired for regeneration purposes, noting furthermore the achievement of 50% affordable housing provision by the Council across its wider regeneration programme. Further to consultation with the GLA in 2024, affordable housing provision is underpinned by the release of funding through the Homes for Londoners Affordable Homes Programme.

### **3.5 Design Development**

- 3.6 The design team, consisting of leading firms of architects, landscape architects, masterplanners, technical experts and engineers, has continued to progress and review the proposals throughout 2024 in accordance with client and planning requirements, underpinned by a design brief and development specification approved by the Board of BCR LLP.
- 3.7 Design development has been informed by the vision and objectives for the regeneration of Bridge Close, and enshrined in key proposals, plans and documents, including:
- i. The design and access statement, incorporating:
    - a. The masterplan for the site as a whole
    - b. Individual plot designs for residential and non-residential uses
    - c. Landscape and public realm design
  - ii. The design code and parameter plans
- 3.8 The Design and Access Statement describes the design process and proposals at a site-wide masterplan scale covering the entire application boundary. It deals with the landscape strategy and with the detailed proposals for the plots in the initial phase of development.
- 3.9 The masterplan for Bridge Close builds on the principles established in adopted and emerging policy, proposing a comprehensive, mixed-use residential-led scheme of higher density, which will include a new bridge across the River Rom, a new east-west connection to the town centre, non-residential uses to complement the town centre offer and create a well-designed, high-quality neighbourhood.
- 3.10 Detailed designs for individual plots are being brought forward as part of an initial phase to provide 383 new homes of which approximately 35% will be affordable tenures subject to viability. Plot designs provide a balance of both traditional and more contemporary architecture with use of high-quality materials and immediate access to local retail, play space, public realm and other amenities. The initial phase maintains the provision of a 3 form entry primary school with nursery and special educational needs and disability (SEND) provision. Detailed plans in the planning application set out the internal design of floors and units complemented by sections and external elevations. When fully operational, the school will house 695 children.

- 3.11 Proposals for landscape design provide for ample high-quality public realm and open space, including the provision of green space and play space for local residents as well as the greening and revitalisation of the River Rom. It sets the parameters for a river walkway along the River Rom, a new junction to Waterloo Road and a new street through the centre of the site, providing a vital east-west connection from the train- and bus stations through to Union Road. More widely, it sets the strategy for the use of materials informing the initial parameters for long-term estate maintenance.
- 3.12 As set out at paragraph 3.3.4 above, the masterplan, plot designs and landscape architecture have been informed by adopted and emerging policy and regulation, having regard to key issues around energy provision, flood risk and fire risk as well as climate change and environmental impact.
- 3.13 Design Code provides strategic design guidance and place-making principles for all phases of delivery. The purpose is to ensure that the development is well designed and built to a high standard, providing a coherent framework within which architectural diversity can be achieved and where the public realm is an integrated element which provides continuity with the surrounding area. The Design Code will control development in future phases and be conditioned as part of any grant of planning approval.
- 3.14 Underpinning the Design Code are parameter plans setting out the application boundary, development plots, indicative heights, open space and illustrative ground floor uses and routes through the site. Together, the Design Code and the parameter plans, provide distinct guidance to ensure the comprehensive development of Bridge Close is progressed across phases consistently, underpinned by high-quality design and public realm place-making principles.
- 3.15 As set out in paragraph 3.4.1 above, the masterplan, plot designs and landscaping have been informed by extensive consultation with the Local Planning and Highway Authority, the Greater London Authority, with elected Members, the Strategic Planning Committee, the local community and the wider public. Importantly, a Quality Review Panel of external urban design experts was established to independently vet and inform the place making qualities of the emerging masterplan and designs. Future phases of development will require separate planning approvals through reserved matters applications subject to consultation with the Quality Review Panel and Strategic Planning Committee.
- 3.16 Since the last update and throughout the next 12 months and beyond, the design will be further developed by the professional team, progressing it through 'spatial coordination' at RIBA<sup>1</sup> Stage 3 through to 'detailed design' RIBA Stage 4.
- 3.17 At RIBA Stage 3, focus has been on coordinating designs across disciplines to avoid clashes and ensure deliverability. In particular, design development has focused on design efficiency in respect of the following:
- i. External envelope, including typical build-ups, dimensions of zones, materials, balconies, glazing and potential product specifications
  - ii. Building performance targets aligned with Part L of Building Regulations 2021 and other GLA sustainability targets in respect of the external envelope, windows, roofs and floors; enhancing BREEAM accreditation of commercial spaces and school

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<sup>1</sup> See Royal Institute of British Architects (RIBA) Plan of Works 2020



- iii. Access and security, maximising Secure by Design accreditation
  - iv. Internal specification across tenures
  - v. Operational strategies for disabled car and cycle parking, waste, deliveries
  - vi. Maintenance access strategy for cleaning, inspection, repair and replacement of certain elements such as lamps and glazing.
  - vii. Landscaping, including river restoration works, meanwhile use strategy and access and egress strategy for occupiers during construction phases.
- 3.18 Detailed designs will be informed by a main contractor due to be procured subject to planning approval, approval of land assembly arrangements and Council governance.

### **3.19 Land Assembly**

- 3.20 Land assembly is undertaken in accordance with the Land Acquisition Strategy forming part of the Business Plan.
- 3.21 The Council and the BCR LLP continue to engage with all owners and occupiers of residential and commercial interests on Bridge Close. All commercial property owners have instructed valuations and private treaty discussions are progressing at various stages of development.
- 3.22 In November 2018 the Cabinet resolved to approve the acquisition of all remaining residential interests not in Council or BCR LLP ownership to be used as temporary accommodation until such time as they may be required for development. To date, 32 out of a total of 37 residential properties have been acquired. Further engagement and communication is underway with the remainder of owners and occupiers.
- 3.23 Overall, there may 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, as well as some religious groups. To reduce this impact, the Council is working closely with those affected and offering a full package of support in accordance with individual rights, through access to dedicated advice and assistance, through the offer of financial compensation, and 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 mitigate against any potential disturbance.
- 3.24 A number of acquisitions of commercial property have completed since the establishment of BCR LLP, including Bridge House, 2, Bridge Close, 3 Bridge Close, 6 Bridge Close, 8 Bridge Close, 10 Bridge Close, 12A-C Bridge Close, 12C-E Bridge Close, 13 Bridge Close and 13A Bridge Close. The freeholds of 4 and 12 Bridge Close as well as the unadopted part of Bridge Close road and other land interests have been acquired. Constructive private treaty discussions continue with the remaining owners and occupiers of commercial property with a number having reached the final stages of agreeing terms.
- 3.25 Relocation support continues to be provided to businesses where appropriate. Whilst the market for industrial property has been buoyant, it has been possible to maintain business continuity and employment whilst completing on transactions and successfully relocating businesses to new premises. To date, three businesses have been successfully relocated. Evidence of a cooling of the market for commercial property may provide further opportunities.

- 3.26 Other owners of non-residential property include the London Ambulance Service ('LAS') and the Havering Islamic Cultural Centre ('HICC'). Discussions with the LAS and their advisors continue with the view to agreeing a mutually satisfactory long-term arrangement based on the premise of relocating the LAS from Bridge Close to a site in Romford meeting with LAS operational and estate strategy requirements, and with compensation paid to the LAS for their existing site pursuant to the Compensation Code<sup>2</sup> and Guidance<sup>3</sup>. Review of potential sites is underway.
- 3.27 Discussions with the HICC and its advisors also continue, recognising the importance of maintaining continuity of services provided by HICC to the community, with the view to agreeing a mutually satisfactory long-term agreement based on the premise of relocating the HICC from Bridge Close to a site at South Street in Romford with compensation paid to the HICC for their existing site pursuant to the Compensation Code and Guidance. Any requirement over and above that which the Council is legally bound to provide will be funded directly with the HICC. Whilst pre-application consultation is underway between the HICC and the Local Planning Authority, discussions are being progressed by BCR LLP with owners and occupiers of the site to reach agreement for compensation to be paid pursuant to the Compensation Code and Guidance.
- 3.28 With the progress being made on private treaty discussions with owners and occupiers of both residential and commercial property, the table below provides a summary of interests acquired to date, exchanged or subject to contracts with a right to purchase on agreed terms.

<b>Table 1 Indicative Property Interests Held by the Council or BCR LLP (Hectares)<sup>1</sup></b>			
<b>Interest</b>	<b>Total (Ha)</b>	<b>Held (Ha)</b>	<b>% Held</b>
Residential Property	0.64	0.56	87%
Commercial Property	2.64	1.55	59%
Public & Other Unregistered Land	0.20	0.03	15%
Unregistered Land with Council as Highway Authority	0.46	0.46	100%
<b>Total</b>	<b>3.94</b>	<b>2.59</b>	<b>66%</b>

<sup>1</sup> Freehold interest held in hectares (ha), Ardent Management Limited, 2023. Total area of 3.94 ha corresponds to area within red line of the Bridge Close Site Plan in Appendix A.

- 3.29 Including unregistered land of 0.46 ha already held with the Council as Highway Authority, the total area acquired to date, exchanged or subject to contracts with a right to purchase on agreed terms is to 2.59 ha or approximately 66% of the total area<sup>4</sup> within the Bridge Close red line.
- 3.30 The potential use of the Council's Compulsory Purchase Order (CPO) powers continues to form part of the Council's land assembly strategy as a means of last resort in circumstances where private treaty discussions do not deliver the anticipated outcomes. All private treaty discussions and agreements are completed having regard to the CPO Guidance and regulatory framework to ensure appropriate support as well as disturbance and compensation payments are provided.

<sup>2</sup> The Compensation Code is a collective term used for the principles set out in various Acts of Parliament, supplemented by case law, that relate to compensation for compulsory acquisition.

<sup>3</sup> The Guidance refers to, "Guidance on the Compulsory Purchase Process" of October 2024 by the Ministry of Housing, Communities and Local Government.

<sup>4</sup> The site plan at Appendix A amounts to 3.94 hectares, up from 3.67 hectares due principally to inclusion of land interests required to deliver the junction at Waterloo Road to Union Road.

3.31 The review of key work streams above reflects the planning application stage that the regeneration of Bridge Close is at. As the regeneration progresses, further activity relating to contractor procurement, construction, sales and leasing as well as estate management, amongst others, will form an integrated part of day-to-day activity.

#### **4.0 Indicative Phasing and Delivery Programme**

4.1 Bridge Close is anticipated to be developed in three phases as set out below:

- **Phase 1** is expected to deliver approximately 383 new homes of which approximately 35% may be affordable housing with retail and commercial units to serve the local community and provide space for local business. A new 3 form entry primary school will also be delivered, serving as vital educational infrastructure for the new communities at Bridge Close, the Waterloo Estate and the former Ice Rink site at Rom Valley Way. Phase 1 would also provide high-quality public realm, including a new bridge to enhance east-west links in the town centre and much needed investment and environmental upgrade of the River Rom.
- **Phase 2** is expected to deliver approximately 262 new homes of which approximately 35% may be affordable housing along with further retail and commercial units to serve the local community and provide space for local business, including where possible, existing businesses at Bridge Close wishing to relocate on site. A new health building would be provided, catering for families at Bridge Close and the wider community, serving to reduce pressures on acute care at nearby Queen's Hospital.
- **Phase 3** is expected to deliver approximately 425 new homes of which approximately 35% may be affordable housing, providing the final addition to a vibrant new community where families may live, thrive and contribute to the wider regeneration of the town centre. A new community centre would be provided early in the phase providing the HICC with the option to relocate to the community centre should the HICC wish to take advantage of this opportunity at the time.

4.2 The table below sets out anticipated dates for each of the key programme milestones underpinning the Business Plan.

<b>Table 2 Indicative Delivery Programme</b>			
<b>Milestone</b>	<b>Phase 1</b>	<b>Phase 2</b>	<b>Phase 3</b>
Submission of Hybrid Planning Application	Quarter 4 '23	-	-
SPC Resolution to Grant	Quarter 2 '25	-	-
Planning Approval / S106	Quarter 4 '25	-	-
Cabinet Make the CPO	Quarter 4 '25	-	-
Commence Main Contractor Selection	Quarter 1 '26	-	-
Public Inquiry	Quarter 3 '26	-	-
Confirmation of CPO	Quarter 1 '27	-	-
Issue General Vesting Declaration (GVD)	Quarter 1 '27	-	-
Vacant Possession	Quarter 2 '27	-	-
Main Contractor – Site Possession Phase 1	Quarter 2 '27	-	-
Planning Application (Phase 2 and Phase 3)	-	Quarter 2 '29	-
Planning Approval (Phase 2 and Phase 3)	-	Quarter 4 '29	-

<b>Table 2 Indicative Delivery Programme</b>			
<b>Milestone</b>	<b>Phase 1</b>	<b>Phase 2</b>	<b>Phase 3</b>
Main Contractor Appointment - Phases 2 & 3	-	Quarter 2 '30	-
Start on Site	Quarter 2 '27	Quarter 2 '30	Quarter 2 '31
New Homes Completed	Quarter 2 '30	Quarter 2 '32	Quarter 4 '33
Final Sales Completed	Quarter 4 '31	Quarter 2 '33	Quarter 2 '35

- 4.3 All work streams, including planning applications for each phase, acquisition of property and any CPO activity as well as the procurement of a contractor for delivery of each of Phases 1, 2 and 3 fall within the Council's control.
- 4.4 As set out in paragraph 3.4.1 above, consultation with key stakeholders will continue throughout the delivery programme, including public consultation ahead of reserved matters planning applications for future phases of development. This will allow appropriate time for the Council to further consider the full implications of adopted and emerging planning policy in the form of the London Plan, the Local Plan and the Romford Master Plan as well as changes to Building Regulations and the Building Safety Act, including fire safety regulations, on the masterplan and future plot designs. Further consideration to determine the appropriate housing tenure mix that best meets the long-term needs of the Council and local people will also continue.
- 4.5 Land assembly will progress in parallel with detailed design development and procurement through private treaty discussions with owners and occupiers, and through the preparation for the potential use of the Council's Compulsory Purchase powers. With the making of the CPO in Quarter 4, 2025 and the public inquiry in Quarter 3, 2026, it is anticipated that the CPO may be confirmed by Secretary of State in Quarter 1 of 2027, allowing for relevant notices/vesting declarations to be served and vacant possession to be achieved in Quarter 2 in 2027.
- 4.6 With start on site expected in Quarter 2 of 2027, first completions of Phase 1 is anticipated in the summer of 2030 with phased delivery of the scheme to completion in 2035 in accordance with circumstances prevailing at the time

## **REASONS AND OPTIONS**

### **5.0 Reasons for the decision:**

- 5.1 The Council has been consistent in promoting and progressing its vision to regenerate Bridge Close, a key site on the edge of Romford town centre, and in so doing, advancing the objectives of delivering new homes and affordable housing as well as key infrastructure, including a new school, a health building, a bridge and high-quality public realm and the revitalisation of the River Rom.
- 5.2 On 16<sup>th</sup> December 2020, Cabinet approved the recommendation for the Council to self-deliver the regeneration of Bridge Close funded predominantly through the HRA.

The Members' Agreement contemplates the Board of Bridge Close Regeneration LLP preparing, agreeing and issuing a Draft Business Plan as set out in Appendix B for approval by the Council as controlling Member. The Members' Agreement provides that this be done at regular intervals. Once agreed, the Draft Business Plan would replace the then current Business Plan as the formal Business Plan adopted by the Bridge Close Regeneration LLP. Any potential approval of the Draft Business Plan as set out in this report would therefore be in accordance with the provisions of the Members' Agreement and would continue the cycle of updating going forward, having regard to the Council being in full control of Bridge Close Regeneration LLP.

5.3 The Bridge Close Regeneration LLP Business Plan 2024-2025 was approved by Cabinet on 7<sup>th</sup> February 2024. The Draft Business Plan for 2025-2026 attached at Appendix B is a suite of policies, processes and operational plans, providing a path for the Council to crystallise its vision and make the regeneration of Bridge Close a reality supported by a robust risk management and governance framework as well as an update to the financial model and forecasts.

5.4 As such, the Draft Business Plan sets out the strategic framework to support direct delivery of the scheme by the Council in accordance with Cabinet's decision in December 2020 and would:

- Accord with the Council's vision and objectives for the regeneration of the site;
- Deliver approximately 35% new affordable homes, subject to viability, at an acceptable net average cost per unit, providing acceptable value for money as a regeneration scheme;
- Provide additional certainty in relation to the funding of the scheme;
- Offering an acceptable payback of the Council's investment;
- Provide greater certainty for affected business and resident communities;

5.5 In summary, the approval by Cabinet of the Draft Business Plan would enable this key regeneration scheme located at a gateway to Romford Town Centre to move forward, underpinned by a comprehensive financial model and accompanying analysis, which substantiates the delivery of regeneration outcomes at a financial return to the Council in excess of its cost of capital. Approval of the Draft Business Plan would accord with provisions in the project documents.

## **6.0 Other Options Considered and Rejected:**

6.1 **Not Approve the Draft Business Plan.** Whilst this option would not run contrary to provisions in the Members' Agreement, which in these circumstances would allow the existing adopted Business Plan to remain in force; however, not approving the Draft Business Plan would run contrary to the Council's vision and objectives of delivering both affordable housing and the regeneration of Bridge Close, a key site on the edge of Romford town centre. Failure to deliver would include failing to provide the primary school, which is due to support a wider catchment than Bridge Close as part of the Council's strategic plan for school places. Whilst key work streams such as land assembly, the making of the CPO and submission of the planning application could potentially be progressed under the existing Draft Business Plan, it would be without having due regard to the latest planning, land assembly, market, cost and financial advice that would otherwise inform the strategy. Moreover, it could potentially be perceived as a statement of intent not to progress with the regeneration of Bridge

Close. Accordingly, there would be significant reputational damage and impediment to implementation of key work streams. The regeneration scheme could be either lost completely or delayed for a significant period of time. This could have reputational implications and potentially impair the Council's investment to date. This option has been rejected.

- 6.2 **Approve the Draft Business Plan and Pause the Scheme.** Whilst pausing a scheme may be standard practice for a private sector developer, it does not constitute good practice from a regeneration perspective. This is due to the lack of certainty that this strategy entails and the difficulties arising in treating meaningfully with owners and occupiers in private treaty land assembly discussions. A pause to the scheme would in the first instance impede the determination of the planning application, which in turn would prevent a CPO being progressed, assuming that a CPO would be necessary to complete land assembly. No CPO Inquiry can be contemplated before the Acquiring Authority (the Council) can demonstrate that there are no insurmountable funding and planning impediments that would prevent the scheme from being implemented. Without the grant of some form of planning permission this could not be proven. Furthermore, a funding shortfall would be a key consideration. It would also be very difficult to secure meaningful engagement from potential contractors without knowing what the scheme is or is likely to be in planning terms and having a level of programme certainty. A pause would create an element of uncertainty over the scheme, with adverse impact for owners and occupiers within the proposed regeneration area and deny the Council the benefit of the significant progress on planning and land assembly that has been made since reporting to Cabinet in February 2023. There would also be a risk of reputational damage. This option has been rejected.

## IMPLICATIONS AND RISKS

### 7.0 FINANCIAL IMPLICATIONS AND RISKS

- 7.1 The assumptions underpinning the Business Plan and related financial model have been reviewed and updated to reflect anticipated economic conditions and development in key appraisal parameters, having regard to the early stage of development and the planning stage at which masterplans and design development are being progressed.
- 7.2 Accordingly, the financial model and related budget approved by Cabinet on 7<sup>th</sup> February 2024 has been revised with a minor upward adjustment to the budget as set out in the Financial Implications and Risks section of the Exempt Agenda report. The upward adjustment is principally a result of higher cost of funding and anticipated tender price inflation over the forecast period.
- 7.3 Achieving regeneration outcomes, including the provision of much needed housing, the generation of social value and the creation of a high-quality place where people want to live, work and play continues to be the Council's principal objective. The Council recognises, however, that achieving the regeneration of Bridge Close at the scale envisioned comes with some risks.
- 7.4 Whilst some risks may relate to the operational implementation of the development, such as planning risk, ground condition and construction risk, cost price inflation, sales

price inflation and programme, others relate directly to the funding of the project. The Council recognises that operational risks may have a direct impact on the overall funding envelope and that active risk management may serve to mitigate the Council's exposure by capping, sharing or transferring risks where possible. In relation to the primary school, future operational management and maintenance will reside with the appointed operator, Unity Trust Partnerships.

- 7.5 The potential adverse impact of the prospect of a material increase in the longer term cost of borrowing is also a risk that requires ongoing review and management. Whilst increased cost of borrowing is included in the Council's contingency planning, the potential for capping interest rate risk is subject to ongoing review.
- 7.6 The Council continues to monitor and manage identified risks, having regard to each stage of development required to complete the regeneration of Bridge Close. Drawing on the expertise and capacity of an experienced team of internal and external delivery partners forms an integrated part of the Council's risk management strategy. Appropriate application of contractual structuring, insurance and financial contingency planning provides an overlay to core risk management practices.
- 7.7 The review of financial assumptions, risks and implications are exempt due to the commercial nature and sensitivity of the information.

## **8.0 LEGAL IMPLICATIONS AND RISKS**

- 8.1 The Bridge Close Regeneration LLP Business Plan 2024-2025 was approved by Cabinet on 7<sup>th</sup> February 2024 and adopted by the Bridge Close Regeneration LLP. In accordance with clause 14 of the Members' Agreement dated 29<sup>th</sup> October 2020, the Board of Bridge Close Regeneration LLP shall prepare, agree and issue a draft Business Plan to the "Approving Person", being the Council as Member. Once agreed, the further Business Plan shall replace the then current Business Plan as the formal Business Plan adopted by the Bridge Close Regeneration LLP.
- 8.2 The Bridge Close Regeneration LLP Business Plan 2025-2026 (the Draft Business Plan) set out in Appendix B has been reviewed and recommended for approval by the Bridge Close Regeneration LLP Board. Subject to the approval by the Council as Member (and Approving Person), the draft Business Plan would be formally adopted by the Board of Bridge Close Regeneration LLP.
- 8.3 As an Approving Person, the Council relies on a number of powers in considering the proposed strategy and funding envelope underpinning the draft Business Plan.
- 8.4 In providing funding 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 of Bridge Close. 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. The key limitation under the general power is that where a local authority intends to pursue a commercial purpose, it must do so through a company limited by shares (and not a LLP (limited liability partnership)). On setting up the BCR LLP as a Limited Liability Partnership, the Council had legal confirmation that provided the Council's purpose was the regeneration of Bridge Close, a LLP would be lawful; it remains the case. No other statutory limitations in regard to funding of the LLP under the general power apply.

- 8.5 In establishing BCR LLP, the general power was relied on, as well as the fact that 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. The general power and Sections 8 and 9 of the Housing Act 1985 was also relied on in the setting up of a nominee company by the Council to act as second member of the LLP upon the acquisition of the private sector partner's interest in 2020 (all LLP's must have at least two members under the Limited Liabilities Partnerships Act 2000).
- 8.6 The Council has investment powers by virtue of Section 12 of the Local Government Act 2003, but the objective of the Council in establishing BCR LLP (and in providing the proposed funding recommended in this Report) is not as an investment. The purpose was, and remains, the regeneration of Bridge Close.
- 8.7 More widely, the Council has land acquisition powers by virtue of Section 120 of the Local Government Act 1972. This Section 120 power does furthermore support the general position adopted, because it also recognises and allows acquisitions to be made for any authorised purpose "notwithstanding that the land is not immediately required for that purpose; and, until it is required for the purpose for which it was acquired, any land acquired under this subsection may be used for the purpose of any of the council's functions."
- 8.8 In light of the acquisition of the member interest in BCR LLP held by the former private sector partner, FB BCR LLP, as agreed by Cabinet on 16<sup>th</sup> September 2021, this report makes reference to, inter alia, the strategy to bring forward the regeneration of Bridge Close directly within the HRA with the primary objective of the scheme being to address housing need in Havering rather than generating a commercial return.
- 8.9 The Council utilised its power to deliver the scheme directly through BCR LLP as a delivery vehicle as approved by Cabinet on 16<sup>th</sup> December 2020. The key statutory power is Section 9, Housing Act 1985, which is broad enough to empower the Council to provide both affordable and market sale housing where the latter is provided to subsidise the former (as could be the case).
- 8.10 The Council also has the power in Section 12, Housing Act 1985 to provide other buildings, including retail and commercial uses, subject to obtaining the consent of the Secretary of State for Levelling up, Housing and Communities (SoS) . The SoS has broad discretion in this respect with the criteria being whether the buildings will serve a beneficial purpose for those provided in Part II housing accommodation. There is a clear process in place to apply for consent.
- 8.11 If the Council were to rely on Sections 9 & 12 (subject to consent) to deliver the regeneration scheme directly, then relevant income and expenditure relating to residential accommodation and other buildings would be subject to the HRA ring fence under Section 74, Local Government and Housing Act 1989. On the basis of what is currently known, the Council is advised that capital expenditure to fund the regeneration scheme would be permitted under Schedule 4, Part II, Item 2 of that Act.
- 8.12 From all indication, it is unlikely that there would be any insurmountable impediments to prevent the HRA from delivering up to a 50:50 mix of affordable and open market sale units if that were the option to be selected.
- 8.13 Given that the Council's objective is to develop the site for regeneration purposes and not as a commercial undertaking, the strategy to deliver the scheme directly by the



Council is likely to be able to comply with Subsidy Control (formerly known as State Aid) requirements given the Council is a public undertaking. Moreover, no subsidy control concern currently exists because BCR LLP is not an economic actor or enterprise (i.e. it is not offering goods or services on a market) and thus, in terms of the Subsidy Control Act 2022, is not capable of receiving a “subsidy”; and as noted, the Council is carrying out the project for public function purposes, This Subsidy Control position will be kept under review as the scheme progresses and in order to ensure (with appropriate legal advice) that no unlawful subsidy is in play.

- 8.14 The Procurement Act 2023 (PA) is expected to come into force in 2025, which may affect the procurement of works for the delivery of the proposed primary school and the wider Phase 1 works of the Bridge Close development. Section 2(10) of the PA contains a new provision that, where a commercial organisation has been awarded an exempted contract (as may be the case where a development agreement between the Council and BCR LLP, governing delivery of the school), it is to be treated as a “public authority” in relation to any sub-contracts it awards for delivering all or any part of the exempted contract (for example, the works contract for the initial Phase 1 of the scheme).
- 8.15 A development agreement between the Council and BCR LLP is an unavoidable requirement of the Department for Education (DfE), and although in theory the school build contract could be separated from the rest of Phase 1, that is deemed impractical given the advantages of engaging a single contractor.
- 8.16 This change in law means that, regardless of BCR LLP’s status as a commercial organisation not usually subject to the PA, the works contracts (to include the primary school) will be. However, the PA also contains a new procurement procedure, the competitive flexible procedure, which allows a public authority to design a procurement procedure, which it considers appropriate for the purpose of awarding a contract. Provided a public authority ensures that the procedure is proportionate having regard to the nature, complexity and cost of the contract, a public authority has flexibility as to how the procurement is conducted.
- 8.17 The provision in the PA referred to is deliberately designed to close what was hitherto a “gap” in the current Public Contracts Regulations 2015. However, the new flexible procedure does ameliorate the impact of this, given that it had always been intended to competitively tender the works.
- 8.18 The key risks are financial and commercial, as described in the preceding “Financial Implications and Risk” section at paragraph 7.0 above. In making a lawful decision, the Council should weigh up and consider these risks and whether they are acting prudently in public law terms. In reaching a decision, Cabinet members should consider whether resultant expenditure (and other financial consequences) is prudent, having regard to the Council’s general fiduciary duties. It must also reach a decision by reference to all relevant considerations, disregarding irrelevant ones, and be satisfied that the recommended course of action is a rational course of action for the Council. The Report details the justification for the regeneration of Bridge Close including the financial implications involved.

**9.0 HUMAN RESOURCES IMPLICATIONS AND RISKS (AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)**

- 9.1 There are no Human Resource implications of, or risks relating to, the proposed decision.

**10.0 EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS**

- 10.1 The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 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;
  - ii. the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
  - iii. foster good relations between those who have protected characteristics and those who do not.
- 10.2 Note: 'Protected characteristics' are: age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.
- 10.3 The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.
- 10.4 Whilst officers consider there are no implications or risks associated with the Council's statutory duty and the decisions recommended for approval relating to the Bridge Close Regeneration LLP Business Plan, the Council has continued to monitor and implement measures to ensure management policies and practices are aligned to the Public Sector Equality Duty.
- 10.5 The Equality Impact Assessment for Bridge Close, reported to Cabinet in November 2017, subsequently reviewed in September 2019, November 2021, June 2023 and September 2024, 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 as proposals for the scheme are developed.
- 10.6 Overall, there may 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.
- 10.7 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.

- 10.8 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.
- 10.9 Further to a review officers consider the existing Equality Impact Assessments for Bridge Close, as updated in September 2024, continue to be of relevance to the project and for the purpose of seeking the agreement by Cabinet of the Bridge Close Regeneration LLP Business Plan 2025-2026.

#### **11.0 HEALTH AND WELLBEING IMPLICATIONS AND RISKS**

- 11.1 The Council is committed to protecting and promoting the health and well-being of its residents. The decision relates to approval of the Bridge Close Regeneration LLP Business Plan 2025-2026 and a related budget, which, if approved and fully implemented, will have health and well-being implications for residents.
- 11.2 In relation to the proposed Bridge Close development arising from the full implementation of the Business Plan, an updated Health Impact Assessment from September 2024 concluded that the overall nature of the identified impacts is positive or neutral, including positive impacts on housing provision, mental health and wellbeing of the new residents. Opportunities for improved health and wellbeing arise from regeneration deliverables including community spaces, multiple and well-connected public spaces, high quality housing provision, and through associated prospects for business and employment growth. This is supported by efforts to implement design that is high quality, accessible and sustainable.
- 11.3 As set out in section 10.0 above, there may be some adverse health and wellbeing impacts arising from the redevelopment of Bridge Close, particularly as a result of the displacement and disruption caused to existing businesses, staff, residents and their families. This may take the form of negative mental wellbeing associated with loss of autonomy due to forced displacement, loss of social connectivity or loss of income. A framework of support and compensation is in place to mitigate these potential impacts and a number of recommendations have been proposed or are underway as the scheme is progressed through detailed design, procurement and delivery.

- 11.4 There is also the potential for negative health and wellbeing impacts arising during the course of the construction phase. A further Health Impact Assessment will be carried out prior to the commencement of works to identify and maximise any positive impacts and to identify and highlight measures to mitigate against any negative impacts that may arise during the construction or post-construction phases. In circumstances where construction would be commenced, management plans will be in place to reduce noise, dust and other potential sources of disruption to minimise the potential impacts on resident health and wellbeing.
- 11.5 It is anticipated that the longer term health and wellbeing benefits of the redevelopment will outweigh the potential short term adverse impacts. More efficient use of land, high design standards, sustainable solutions and the provision of social infrastructure serve to ensure that proposed uses are the best uses of the land. The wider socio-economic benefits are likely to enhance the health and well-being impact of the scheme.
- 11.6 ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS**
- 11.7 There are no Environmental and Climate Change implications of, or risks relating to, the proposed decision.

**BACKGROUND PAPERS**

None.

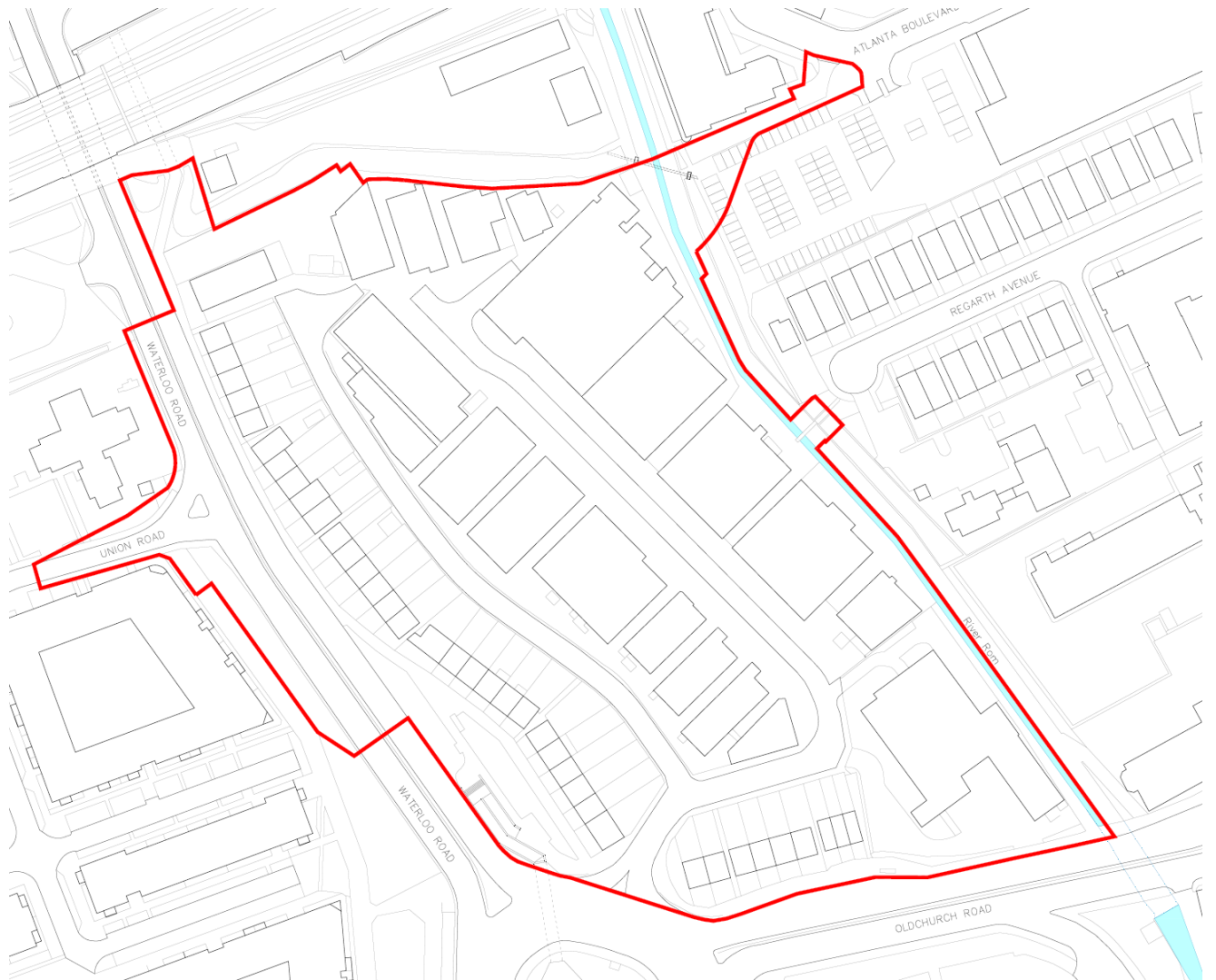
**APPENDICES**

<b>Appendix A</b>	Bridge Close Site Plan and Indicative Red Line (PUBLIC)
<b>Appendix B</b>	Bridge Close Regeneration LLP Business Plan 2023-2024 (EXEMPT)
<b>Appendix C</b>	Financial Annexes (i) – (ii) (EXEMPT)

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Notice of Key Cabinet Decision containing exempt information.

This Cabinet Report contains some appendices which comprise exempt information which is not available for public inspection as they contain or relate to exempt information within the meaning of paragraph 3 of Schedule 12A of the local Government Act 1972. They are exempt because they refer to confidential information and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

<b>CABINET</b>	<b>5<sup>th</sup> February 2025</b>
<b>Subject Heading:</b>	<b>Havering and Wates Regeneration LLP Business Plan and Budget Update 2024/2025</b>
<b>Cabinet Member:</b>	Councillor Graham Williamson Cabinet Member for Development & Regeneration.
<b>SLT Lead:</b>	Neil Stubbings – Strategic Director of Place
<b>Report Author and contact details:</b>	Maria Faheem - Regeneration Manager <a href="mailto:Maria.Faheem@havering.gov.uk">Maria.Faheem@havering.gov.uk</a> 01708 434 379  Martin Fahy- Regeneration <a href="mailto:Martin.Fahy@havering.gov.uk">Martin.Fahy@havering.gov.uk</a> 01708 432 651
<b>Policy context:</b>	London Plan 2021 National Planning Policy Framework Havering Housing Strategy 2014-2017 Havering Local Plan 2016- 2031 HRA Business Plan 2024-2053 Havering Climate Change Action Plan 2021

**Financial summary:**

**Is this a Key Decision?**

This is a key decision

**When should this matter be reviewed?**

January 2026

**Reviewing OSC:**

Places Overview & Scrutiny Sub  
Committee

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

People - Things that Matter for Residents X

Place - A Great Place to Live, Work and Enjoy X

Resources - A Well- run Council that Delivers for People and Place.

**SUMMARY**

This report provides an update on the 12 Estates Programme. Financial data within this paper utilises the most current information available, for the purpose of informing the HRA Business Plan refresh. The HWR JV Business Plan will be presented to Cabinet once it comes forward in Q1 2025/26.

This update outlines the latest position on:

**Work Package One**

- New Green - progress on completion and sale receipts.
- Park Rise - progress on completion, sales, and marketing.
- Waterloo & Queen Street – update on scheme phasing and viability.



## Work Package Two

- Chippenham Road – design development, planning submission and planned demolition
- Farnham & Hildene - design development and consultation.

## Later Phases

It is noted that work is currently paused on the following sites:

1. Oldchurch Gardens,
2. Maygreen Crescent
3. Delderfield
4. Dell Court
5. Brunswick Court.
6. Royal Jubilee Court.

## RECOMMENDATIONS

That Cabinet:

1. **Note** The Strategic Director of Place will bring forward a report proposing the use of Compulsory Purchase Order (CPO) powers for the Chippenham Road development. This report will detail the necessity of invoking CPO powers to acquire outstanding land interests.
2. **Delegate** authority for the Strategic Director of Place, in consultation with the Cabinet Member for Development and Regeneration, to agree on and thereafter submit, accept and utilise grant funding bids to support the 12 Sites regeneration programme.
3. **Approve** the revised approach to proceed with a Council-led scheme prioritising the development of Blocks 9, and 10, along with a temporary energy centre, as part of Phase 1 of the Waterloo and Queen Street programme.
4. **Delegate** authority to the Strategic Director of Place to make variations to any of the joint venture agreements, as necessary, to implement the recommendations contained in this report.
5. **Note** that the HWR JV Business Plan document will be presented to Cabinet in Q1 2025/26.

**REPORT DETAIL**

**1.0 Background**

The Council's overarching vision for the Havering and Wates Regeneration Joint Venture (HWR) is to enable the regeneration of key areas across the borough, delivering much-needed renewal of town centres and estates while providing affordable homes for local residents. Through its role as a joint owner of the development company, the Council is able to exercise significant control over the design process, ensuring high-quality outcomes for buildings and public spaces, alongside the delivery of essential infrastructure. Any financial returns secured by the Council from the Joint Venture will be reinvested to support future regeneration initiatives.

The Havering and Wates Regeneration Joint Venture (HWR) has been established as a long-term partnership to deliver a programme of residential-led regeneration and estate renewal across an initial tranche of 12 Council-owned housing sites. This partnership structure allows both parties to share the costs and long-term financial risks associated with development, while ensuring the Council retains influence over the process. This approach ensures that social and economic benefits remain central to the programme's objectives, aligning with the Council's broader regeneration priorities.

The Council retains the right to acquire affordable housing delivered through the Joint Venture at a pre-agreed value. These properties will be allocated in line with the Council's Housing Register and in accordance with its Allocation Policy, ensuring that affordable homes are made available to those in greatest need within the borough.

The Council's objectives for this programme have been enshrined into the Members Agreement between the JV partners as objectives for HWR. As a development company, HWR will procure, design, obtain planning permission, develop, market, and sell/let each scheme for the best value achievable.

On 8 February 2023, Cabinet received and approved the fifth review of the Joint Venture's Business Plan. This review was based on updated assumptions, which were scrutinised and validated through revised site development appraisals and the input of the Joint Venture's employer's agent.

The February 2023 report outlined the progress achieved on the schemes within Work Package One (WP1) of the 12 Site Programme. This included the developments at New Green, Park Rise, and the Waterloo and Queen Street Estate.

The latest refresh of the Joint Venture's Business Plan is due to come forward in Q1 2025/26.

## **2. Progress – Work Package 1 (WP1)**

### **2.1 Work Package 1**

#### **New Green, (formerly known as Napier & New Plymouth)**

The New Green development, comprising 197 units, reached completion in March 2023. All 71 shared ownership units have been sold. The New Green development exclusively offers 100% affordable housing for the local community.

Post-completion activities have focused on monitoring and addressing issues arising during the defects liability period following handover. While some issues have been identified, the Joint Venture (JV) has been proactive in resolving them to ensure the development meets the required standards. Many of these matters have been addressed collaboratively with stakeholders, ensuring progress is maintained and any outstanding concerns are effectively resolved.

### **2.2 Park Rise (formerly known as Solar, Serena, and Sunrise)**

The later-living scheme achieved practical completion at the end of January 2024, marking a significant milestone in the Council's commitment to delivering 175 high quality homes for residents over 55. The development includes shared communal facilities, such as a lounge and gardens, to support independent living and community engagement.

The scheme is managed through a hybrid Estate Management Strategy, jointly overseen by the Council's Housing team and Churchill Estate Management, ensuring effective day-to-day operations. To support the delivery of shared ownership and outright sale units, a local Sales Agent has been appointed by the Joint Venture to manage sales and marketing activities.

The affordable rented units are fully occupied. In accordance with the Council's right-to-return policy, 14 residents from the original estate have now returned to the scheme.

Sales have progressed in line with the national average for the later-living sector - 13 sales have completed to date (5 x open market sales, 8 x shared ownership) with a further 6 reservations on shared ownership units.

## 2.3 Waterloo and Queen Street

### Regulatory Context

Following the Grenfell Tower fire in June 2017, the Government introduced the Building Safety Act 2022 and proposed updates to fire safety regulations, including changes to BS9991 and Part B of the Building Regulations. One key change was the requirement for a second staircase in high-rise residential buildings over 18 metres.

In anticipation of these changes, the Joint Venture (JV) Board paused the Waterloo & Queen Street (WQS) scheme to ensure its design and planning fully aligned with the emerging safety requirements. In July 2023, the Department for Levelling Up, Housing, and Communities (DLUHC) confirmed the requirement for a second staircase in all new residential buildings over 18 metres in height. Whilst transitional arrangements were introduced by the then Secretary of State, the Building Safety Regulator determined that these did not apply to Phase 1 of this scheme.

This decision had significant implications for Phase 1 of the project, which comprises high-rise buildings. The Building Safety Regulator requires Phase 1 to go through the full Gateway 2 building control process via a new Building Control application to the Regulator. The Council subsequently determined that it would like the scheme to progress in accordance with the latest building safety regulations.

## 2.4 Development Strategy

To maintain momentum on the Waterloo & Queen Street (WQS) project, a proposal has been put forward to prioritise the development of Blocks 9 and 10 as a new Phase 1. Blocks 9 and 10 will deliver approximately 109 new affordable homes to address local housing needs. These blocks, being under 18 metres in height, are not subject to the new second staircase requirement, allowing them to progress more swiftly through the planning and building control process. While Blocks 9 and 10 already have outline planning approval, further detailed design work and discharge of reserved matters will be required before construction can commence.

This approach reflects the feedback received from residents, particularly those on Cotleigh Road, who have expressed support for prioritising development in the area closest to their homes. Last year's fire at a nearby church hall further underscores the importance of progressing the scheme in a safe and timely manner. By focusing on this phase, the WQS project maintains momentum while respecting updated building safety standards.

Key benefits of this approach include:

- Supporting the delivery of affordable housing to meet local demand.

- Building momentum on-site while progressing infrastructure to support future phases.
- Offering both partners time to develop an updated strategy for subsequent stages of the scheme, including bringing forward Buildings 1 and 2 to the latest BSR guidance.
- Utilising funding advanced by the Greater London Authority (GLA) to bring forward affordable new homes at the earliest opportunity.
- Exploring the opportunity to increase grant levels from the GLA to cover increased costs arising from the new building safety regulations.

The Council remains fully committed to the comprehensive redevelopment of the site. The following tables note the proposed mix for block 9 and 10.

Further financial details are detailed in the exempt agenda at Paragraph 1 to 4.

**Table 1a, 1b and 1c: The Proposed mix for block, 9 and 10**

**Table 1b**

Tenure	Block 9	1b2p	2b3p	2b4p	3b5p	4b6p	Total
LAR	Core A	5	0	10	12	0	27
LAR	Core B	4	0	6	10	0	20
LAR	Core C	4	0	10	5	0	19
	Total	13	0	26	27	0	66
	%	20%	0%	39%	41%	0%	100%

**Table 1c**

Tenure	Block 10	1b2p	2b3p	2b4p	3b5p	4b6p	Total
SO	Core A	2	0	5	5	0	12
SO	Core B	7	0	12	12	0	31
	Total	9	0	17	17	0	43
	%	20%	0%	40%	40%	0%	100%

Key: Abbreviations	Meaning
LAR	London Affordable Rent
SO	Shared Ownership
1b2p	One Bedroom Two Persons

Given the rising demand for temporary accommodation within Havering, the JV Board is progressing the option to supply, deliver, and install 18 modular homes as a meanwhile use on a part of the Waterloo and Queen Street site. Cabinet recently considered a separate report on this specific proposal. These units

will be located in an area designated for permanent housing in the final phase of the programme, anticipated to remain on site for approximately 5 to 7 years.

### **3. Progress - Work Package 2**

#### **3.1 Chippenham Road**

Since the last Business plan update in February 2023 the JV team have evaluated the viability of the Chippenham Road site. The project has progressed through design development is consultation with stakeholders and the pre-application process during which several options were considered to optimise viability whilst providing quality design.

The Wates development team have been appointed to manage the design through to RIBA stage 2 and a Stage 3 cost plan has been completed. All consultants have now been appointed and a planning application was submitted in August 2024.

Vacant possession has been secured for the majority of the site and negotiations are advanced for the acquisition of the remaining properties.

In the meantime, the site has been secured with a security hoarding and tenders have been sought for a phased demolition programme, prior to contract award.

The Chippenham site will be 100% affordable housing, providing 138 new homes.

#### **3.2 Farnham and Hilldene District Centre**

The district centre offers a diverse retail mix for local residents, in addition to key community facilities, in particular Harold Hill Library. Despite being situated in a relatively deprived area, it remains a pivotal hub for the local community. Preserving and enhancing the district centre is integral to the ongoing area regeneration efforts.

Regeneration proposals for Farnham/Hilldene have been the subject of consultation with residents since the initial concept stage in 2016. Stakeholder consultation has intensified in the period since the last Business Plan review in February 2023 and a total of 35 consultation events on the proposed form and phasing of regeneration proposals have now been undertaken, spanning both residential and commercial occupiers.

Design proposals have also been the subject of an extensive programme of pre-application discussions with the Local Planning Authority and their advisers, to further refine the scheme proposals.

Havering's first successful Estate Ballot represents an important milestone for the regeneration programme. The proposals for Farnham and Hilldene, which include 479 new homes, re-provisioned retail facilities, and community space, received strong resident support. This result allows the Council to proceed in the knowledge that the scheme is strongly supported by local residents and businesses.

Further details about the above sites are contained in the Exempt Agenda.

#### **4. Later Phases**

The following schemes form part of the later phases of the 12 Estates programme are the subject of further review and currently paused:

- Royal Jubilee Court
- Oldchurch Gardens
- Maygreen Crescent
- Delderfield
- Dell Court
- Brunswick Court.

#### **5. Update on programme-wide matters**

##### **5.1 Regeneration Objectives**

The JV is obliged to deliver each scheme in accordance with the Key Requirements set out in the Development Agreement. These requirements set out the parameters for a planning application and include:

- The number of units to be delivered across the development;
- The housing bed size and tenure mix;
- A requirement for non-residential uses such as commercial and retail.

The key requirements for each site may vary because of stakeholder consultation and planning policy but will always be required to meet the Council's objectives for the Regeneration Programme.

Since bid stage, levels of affordable housing in Work Package 1 have increased in line with the Council's objectives to maximise the delivery of affordable housing across each site as noted in Table 2.

**Table 2: Affordable housing review since bid stage**

Site	Affordable Housing – Bid Stage	Affordable Housing – Year 2 review	Affordable Housing- Year 3 review	Affordable Housing- Year 4 review	Affordable Housing- Year 5 review	Affordable Housing- Year 7 review	Affordable Housing- Year 8 review
New Green	77.7%	64%	100.0%	100.0%	100.0%	100.0%	100.0%
Park Rise	25.8%	76.6%	76.6%	76.6%	76.6%	76.6%	76.6%
WQS	38.5%	40.4%	40.4%	41.2%	39.6%	39.6%	39.6%
<b>WP1 Total</b>	<b>41.3%</b>	<b>46.4%</b>	<b>50.7%</b>	<b>51.3%</b>	<b>50.1%</b>	<b>50.1%</b>	<b>50.1%</b>

In addition to the review of the level of affordable housing, the bed size mix of affordable homes has also been considered. The Local Plan requires affordable housing to be delivered according to the bed-size mix in Table 3, below. Amongst other things, this mix has been influenced by the Strategic Housing Market Assessment, which was carried out in 2016, and provides a longer-term assessment of housing need, from 2011 – 2033.

**Table 3: Borough wide Housing Mix**

Bed-size	1-bed	2-bed	3-bed	4-bed +	Total
	10%	40%	40%	10%	<b>100%</b>

A key requirement for each site within the 12-sites programme is that new homes not only meet a demonstrable housing need, but also facilitate the Right to Return for Council tenants that have been rehoused away from regeneration sites. Table 4 below demonstrates that across WP1, the highest level of demand, derived from the Right to Return, is for one-bedroom homes.

**Table 4: Right to Return Demand**

Right to return requirement	1-bed	2-bed	3-bed	4-bed	Total	
	%	%	%	%	No.	%
Waterloo and Queen Street Estate	32%	32%	35%	1%	<b>*171</b>	<b>100%</b>
New Green	64%	30%	6%	0%	<b>87</b>	<b>100%</b>
<b>Total</b>	<b>43%</b>	<b>31%</b>	<b>25%</b>	<b>&lt;1%</b>	<b>258</b>	<b>100%</b>

\*No re-provision of Sheltered Housing provision at Queen Street

In addition to the Right to Return, the Council’s housing register provides a reference to identify immediate need for affordable housing provision in the borough, based on those households that present themselves to the local



authority. Table 5 below illustrates the LBH’s current need by bedroom size as of 1<sup>st</sup> November 2024. Whilst it is clear there is a requirement for family housing, there is high demand for 1 and 2 bedrooms (54%) in comparison to 3 and 4 beds (44%) which supports the development across a range of unit typologies.

**Table 5: Bed-size need October 2024- (from the Housing Register)**

No of beds	Band 1	Band 2A	Band 2B	Band 2C	Band 3	Total	%
1	80	175	85	35	450	825	26%
2	46	176	51	52	559	884	28%
3	26	432	6	147	517	1128	36%
4	8	69	0	55	126	258	8%
5	3	15	0	9	31	58	2%
6	0	1	0	0	2	3	0%
Total	163	868	142	298	1685	3156	

The affordable housing demand arising from the Right to Return, and the Housing Register have informed the bed-size mix of the affordable homes that will be delivered across Work Package 1 and include Chippenham Rd and Farnham & Hildene.

The Waterloo and Queen Street Estate will be developed in a phased approach, due to the quantum of new homes on the new development. In total, the redeveloped scheme could deliver up to 1,380 new homes.

Table 6 below shows planning and development milestones for the sites in WP1 that have been progressed since the last business plan as well as a forecast for the remaining sites in the 12 sites programme.

**Table 6: Key Milestones**

	Submission of Planning Application	Resolution to Grant	Start On Site	1st Completions	Site Completions
<b>Work Package One</b>					
New Green	May-2019	Nov-2019	2020	Dec-2022	March-2023
Park Rise	Dec-2019	June-2020	April 2021	Oct-2023	Jan-2024
Waterloo and Queen Street Estate	Jun-2020	June-2021	Under review	TBA	TBA

Waterloo and Queen Street Modular Homes	Nov 2024	Jan 2025	July 2025	Dec 2025	Dec 2025
<b>Work Package Two</b>					
Chippenham Rd	Aug- 2024	Apr-2025	Dec-2025	July 2027	Oct-2028
Farnham and Hilldene	Feb -2025	Sept- 2025	Feb- 2026	Feb- 2028	Dec- 2033
<b>Work Package Three and Four to be confirmed.</b>					
Oldchurch Gardens	Paused	Paused	Paused	Paused	Paused
Maygreen Crescent	Paused	Paused	Paused	Paused	Paused
Delderfield House	Paused	Paused	Paused	Paused	Paused
Brunswick Court	Paused	Paused	Paused	Paused	Paused
Dell Court	Paused	Paused	Paused	Paused	Paused
Royal Jubilee Court	Paused	Paused	Paused	Paused	Paused

**5.2 Vacant Possession**

Wherever possible, the regeneration programme has responded to the growing pressures around homelessness by using vacant, acquired units to provide temporary accommodation until required for redevelopment. This approach serves to reduce the impact of homelessness on the General Fund.

Table 7: Existing and proposed units across all 12 Sites

		Existing			Proposed					
Site	Social Rent	Leasehold/ Freehold	Affordable Rent	LCHO	PRS	Open Market Sale	Supported Housing	Total	%	
									affordable	
									Housing	
Work Package One										
New Green	87	10	126	71	0	0	0	197	100%	
Park Rise	55	0	80	54	0	41	0	175	77%	
Waterloo Estate (and Queen Street)	202	71	348	219	0	813	0	1380	41%	
Work Package Two										
Chippenham Road	20	12	118	0	0	0	20	138	100%	
Farnham and Hilldene First Phase	90	27	117*	0	0	0	0	117*	100%	
<b>Subtotal</b>	<b>454</b>	<b>120</b>	<b>791</b>	<b>344</b>	<b>0</b>	<b>874</b>	<b>20</b>	<b>2,007</b>	<b>57%</b>	
*This may be varied to provide fewer, but larger units										

	Later Phases – Paused for further Review								
Maygreen Crescent	88	23	94	24	0	177	0	295	40%
Delderfield House	14	0	22	0	0	0	0	22	100%
Dell Court	29	0	56	24	0	0	0	80	100%
Oldchurch Gardens	64	22	123	0	0	183	0	306	40%
Brunswick	47	0	54	0	0	0	0	54	100%
RJC	47	0	48	0	0	72	0	120	40%
Farnham and Hilldene Later Phases	0	0	17	58	0	287	0	362	21%
Subtotal Under Review	289	45	414	106	0	719	0	1,239	42%
<b>Total</b>	<b>743</b>	<b>165</b>	<b>1,205</b>	<b>450</b>	<b>0</b>	<b>1,593</b>	<b>20</b>	<b>3,268</b>	<b>51%</b>

A significant effort has been made to ensure those people moving out of their homes find suitable alternative homes that meet their needs and that they are supported through the moving process. Council tenants, leaseholders and freeholders have all received the appropriate support to assist with moves. Council Officers have continued to work with residents to either move them to a new home or purchase their property.

## 6.0 Scheme Review

6.1 The current scheme design and development financial model anticipates that 1,752 new homes will be delivered in Work Package One as per the 2024 update. Table 7 above, shows the existing and proposed units across all the 12 estates.

- 6.2 Based on the 3,268 model (including the paused phases), the 12-sites programme would deliver 51% affordable housing, whilst more than doubling the number of occupied affordable homes across the sites. These figures are summarised for comparison in Table 8 below:

**Table 8: Affordable estimated change**

	Previous	Planned	Change
Total number of homes	991	3,268	+230%
Occupied General Needs homes	551	1,038	+88%
Occupied Sheltered rented homes	224	187	-17%
Low-Cost Home Ownership	0	450	+450
RTB losses	217	0	-100%
Total occupied affordable homes	775	1,655	+114%

## 7.0 Social Value

The Council remains committed to delivering tangible benefits for the local community. The JV has continued its collaboration with local small and medium enterprises, providing employment opportunities such as jobs, apprenticeships, and work placements for local residents.

## 8.0 Financial Review

- 8.1 Phase 1 of WQS will now be 9 and 10 and will be 100% affordable and will include low cost homeownership. The council will be acquiring the St Andrew's Church Parish Hall as part of a land swap deal with the Church of England.
- 8.2 Phase 1, block 9 and 10 will be 100% affordable housing, providing 109 new homes.
- 8.3 WP1 1 New Green & Park Rise – New Green has now been completed and all 71 shared ownership units have been sold. At Park Rise, practical completion was achieved at the end of January 2024.
- 8.4 WP 2 – Chippenham Road – design and planning work is continuing to progress. Demolition on the site is anticipated to begin spring 2025. The design and review process has resulted in a scheme with 138 homes. The latest budget estimates are supported by work undertaken by an independent cost consultant.
- 8.5 WP2 – Farnham Hilldene – design and planning work is continuing to progress, with the objective being to submit a planning application for the comprehensive redevelopment of the estate. Since the previous update, both costs and

revenues have changed reflecting building cost inflation and current interest rates.

- 8.6** To mitigate risk and financial exposure, it is proposed that the development is implemented in phases. The initial commitment would focus on completing Phase 1, which aims to deliver a minimum of 102 new affordable homes and 17 new commercial units. At each subsequent phase, a review will be conducted to identify the most effective strategy, supported by a comprehensive business case. This phased approach may help alleviate some of the revenue challenges associated with relocating commercial businesses.
- 8.7** WP3 & 4 – Red Line Sites (Paused for review) – the current economic volatility has had a significant effect on the programme. These schemes are being monitored and viability and delivery timelines are being kept under review.

## **9.0 Grant Funding Arrangements**

- 9.1** The Council has achieved Approved Provider status with the Greater London Authority. This enables the Council to secure grant funding for our development and buy-back programmes.

It is important that opportunities are taken to secure external grant funding as this underpins the development programme, improves the viability position, and enables the Council's resources to go further.

## **REASONS AND OPTIONS**

- 10.0 Reasons for the decision:**
- 10.1** To increase the amount of affordable housing to be purchased on appropriate terms via a Joint Venture vehicle, to help sustain the HRA over the long term.
- 10.2** To increase the level of family housing and retirement provision in the borough.
- 10.3** To replenish the loss of social homes resulting from right to buy sales in recent years.
- 10.4 Other options considered:**
- 10.5** The Council could reduce the level of affordable housing in the programme and convert some affordable units to private sale to improve overall scheme viability. This would go against the Council's stated policy aims by reducing the provision of affordable housing available to households in need. Reducing the level of affordable housing would have several indirect impacts, including an

increase in the numbers on housing waiting lists and increased cost of homelessness prevention.

## IMPLICATIONS AND RISKS

### **11.0 Financial Implications and Risks:**

This report provides an update on the progress across the 12 Estates programme in advance of a detailed update of the HWR Business Plan, scheduled for submission in Q1 2025/26.

**11.1** A detailed financial assessment will be provided alongside the updated HWR Business Plan.

### **11.2 Financial risks & sensitivities**

**11.3** These are set out in the exempt Appendix B.

### **12.0 Legal implications and risks**

**12.1** This report follows previous reports to Cabinet including the reports in February 2019, 2020, March 2021, February 2022 and 2023 which considered previous JV business plans.

**12.2** The Council has entered into the joint venture LLP with Wates pursuant to a number of powers including the Housing Act 1985, the Housing and Regeneration Act 2008, the Local Government Act 1972, and the general power of competence in Section 1 Localism Act 2011.

**12.3** The Council is now contractually committed to progress the project in accordance with the agreements that have been entered into with Wates and the JV, unless variations are agreed by the parties.

### **13.0 Human Resources Implications and Risks:**

**13.1** There appear to be no HR (Human Resources) implications or risks arising that impact directly on the Councils workforce.

#### 14.0 Equalities Implications and Risks:

- 14.1 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
- 14.2 The EQIA (Equality Impact Assessment) for the 12 Estate programme of 2024 assessed the equalities opportunities and risks from the regeneration programme.

This EqIA recommends a series of further actions the Council should take to further mitigate the potential equality risks of the Programme, including the potential for adverse health effects. These include:

- Engaging with residents of the 12 estates that comprise the Programme prior to the commencement of the Programme construction to discuss their needs. For estates in Phase 1, where development has already begun, residents and business owners should continue to be engaged, to ensure their needs are understood and potential risks are mitigated.
- Ensuring that records of the needs of the residents of the 12 estates that comprise the Programme are kept up to date and that discussions are held with particularly vulnerable residents about support with alternative temporary housing elsewhere during the demolition period.
- Ensuring that up-to-date information about construction, including what is going on before, during and after all stages of the process, is shared with residents and operators and users of community resources. Residents should also have the opportunity to provide feedback on any issues which they may experience in a way which is suitable for them.
- Due to the long project lifecycle, ensuring that a review of equality impacts and appropriate mitigation is undertaken by the council in at key future decision stages of the Programme. This should include individual EqIAs (Equality Impact Assessment) for each site where relevant.
- The assessment also identifies that the proposed regeneration of the 12 Estates, has the potential to provide the following opportunities for positive equality effects:
  - Improved provision of affordable and accessible housing;
  - New employment opportunities for residents;
  - Improved public realm;
  - Improved provision of community facilities and improved social cohesion;
  - Improved accessibility through delivery of new active transport infrastructure;



- Opportunities for businesses through the delivery of new commercial space.
- Improved perception of safety and actual safety.
- Gender Reassignment, The Council is committed to improving the quality of life for all and supports wider social and economic growth.

**15 Health & Wellbeing implications:**

**15.1** Havering Council is committed to improving the health and wellbeing of its residents. The provision of good quality and affordable housing is an important determinant of health and wellbeing as housing impacts both our physical and mental health and wellbeing.

**15.2** Inadequate or poorly designed housing is associated with increased risk of ill health including cardiovascular and respiratory diseases, depression, and anxiety as well as risk of physical injury from accidents.

**15.3** The Havering Wates Joint Venture partnership is key to delivering Havering's ambitions to provide more good quality, genuinely affordable homes for local people.

**15.4** This will impact positively on individuals and families with housing needs including those on low income by increasing access to the number of affordable, quality homes which will, in turn, reduce risk of ill health and improve their quality of life.

**15.5** A health impact assessment will be undertaken for all the Joint Venture schemes.

**15.6** The Joint Venture has continued to work with local social enterprises providing local people with jobs, apprenticeships, and work placements which will have a positive impact on the health and well-being of residents.

**15.7** The proposals outlined in this report do not give rise to any health and well-being risks.

**16.0 Environmental and Climate Change Implications and Risks.**

There are no adverse Environmental and Climate Change implications of, or risks directly relating to the proposed decision. The focus is on the decision itself, which concerns the approval of the Business Plan and related budget.

The 12 Estates regeneration programme will enable the council to build new affordable homes that will be targeted at high levels of energy performance. As demonstrated at New Green and Park Rise, the design for this development has carefully considered energy requirements, the surrounding environment and animal habitats. Where possible, green, and brown rooves and green spaces that include bat boxes, bird boxes and insect hotels to create safe

animal habitats have been included in alignment with the Havering Biodiversity Action Plan. The developments include electric vehicle charging and cycle storage to facilitate increased non-car journeys and promote green modes of transport.

Later phases of Waterloo and Queen Street will be designed to include 95% air source heat pumps and 5% electric to supply the new estate with energy and power. Air-source heat pumps are a good source of low-carbon energy.

**BACKGROUND PAPERS**

None

**APPENDICES**

- **Exempt Agenda Report** - Financial and Legal Implications & Risks.

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

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