



**MINUTES OF A CABINET MEETING
VIRUTUAL
Wednesday, 17 March 2021
(5.30 - 9.30 pm)**

Present:

Councillor Damian White (Leader of the Council), Chairman

Councillor Robert Benham

Councillor Osman Dervish

Councillor Joshua Chapman

Councillor Roger Ramsey

Councillor Viddy Persaud

Cabinet Member responsibility:

Cabinet Member for Education,
Children & Families

Cabinet Member for Environment

Cabinet Member for Housing

Cabinet Member for Finance &
Property

Cabinet Member for Public
Protection and Safety

Apologies were received for the absence of Councillors Jason Frost.

17 DISCLOSURES OF INTEREST

There were no declarations of interest.

18 MINUTES

The minutes were agreed subject to amendment under Recommendations to exclude error messages. The minutes will be published with the amendments and the Chairman authorised to sign them as a correct record of the same.

19 EXCLUSION OF THE PRESS AND PUBLIC

Cabinet resolved to exclude the press and public at this point and the meeting continued in closed session.

**20 HAVERING & WATES JOINT VENTURE BUSINESS PLAN UPDATE -
2021/22**

Cabinet considered an annual update of the Havering and Wates Joint Venture Business Plan.

It was explained that when Cabinet agreed to establish the Joint Venture (JV), this was on the basis that there would be regular (annual) reviews and Cabinet would be asked to agree material changes to the business plan on an annual basis, in line with the annual budget setting process. This was the third review following establishment of the JV in April 2018.

The Council's overarching vision for setting up the Havering and Wates Joint Venture (HWR) was to facilitate the regeneration of key areas of the borough; to kick-start renewal of key town centres and estates; and deliver truly affordable homes for local people. In addition, it would ensure good quality design of buildings and places by being a joint owner of the development company, thus giving greater control over the planning process and ensure delivery of key infrastructure requirements. Any returns to the Council were being identified to fund future regeneration programmes across the borough and help fund renewal of cherished town centres across the borough at a time when the traditional high streets were under significant threat from changing consumer habits.

Through the significant development value generated by this initiative, (approximately £1.5bn) many local businesses and residents would see economic benefits as focus would be on maximising the number of contracts awarded to those local companies. A secondary impact of the schemes would also be to support local businesses on those high streets where the developments take place by creating greater "spending power" for those businesses to take advantage of.

For Work Package One and Chippenham Road, the key inputs into the financial models had been reviewed and externally validated. The key inputs were construction costs, expected sales revenues, land values plus other costs such as expectation on s106 and CIL payments. Areas of non-residential use had been updated as the design and planning process proceeds.

Since the approval of the 2020-21 Business Plan, there had been two key changes. On 5 August 2020 in response to the economic downturn linked to the COVID-19 pandemic, Cabinet approved the conversion of the Napier New Plymouth scheme to a 100 per cent Council owned scheme.

Elsewhere on the Cabinet agenda, the outcome of the review of the delivery options for both Chippenham Road and Farnham and Hilldene schemes had recommended proceeding with the development of both sites under an overarching master planning single design approach. However, due to the complexity and projected cost of development of Farnham and Hilldene, it was recommended that the development was undertaken directly by the Council. As a result, this site would no longer fall within the scope of the HWR programme.

The resulting increase in affordable housing from the bid stage remained significant, rising from 1,186 at the bid stage of the JV to 1,552 as part of the annual review. This is an increase of 368 affordable homes at truly affordable prices for local people within the 12 Estates programme.

The Council, through its involvement in the JV was committed to the delivery of the highest quality homes and places for residents to live in. The goal was to set a high standard for other developers to follow.

The increase in affordable housing and good quality design was being achieved in a Covid-19 landscape when most developers would halt work or would reduce affordable housing and family housing to protect profits. However, with the Council's support the joint venture has continued with the programme dedicated to providing good quality affordable family housing with enhanced design. The additional forward funding identified within the report showed how these changes were being delivered.

The updating of these numbers in the viability models and then into the Council's financial dashboards meant that this report was able to inform Cabinet of any changes to the expected outputs from the JV as well as informing Cabinet of any changes in the financial position of the JV and financial commitments to the JV as an investor. This report not only informed Cabinet of changes but also was to seek approval of the new Business Plan and the expected financial commitments.

The original decision to set up the JV was informed by key indicators on the viability and outputs. Those key indicators were: overall % return, overall financial return, initial stake (Equity: borrowing and land value), impact on the MTFs from the cost of borrowing in the early years, total number of units, number of affordable housing units. These metrics are considered to be the key indicators to identify the viability, outputs and potential financial risks.

The 12 Estates programme was currently forecast to receive £48 million development return in revenue to the HRA from year 5 to 15. This figure was built into the HRA Business Plan and rent setting report that had been presented to Cabinet and was not included within the calculations for the average cost of an affordable housing unit within this report.

Cabinet:

1. **Agreed** to the inclusion of a budget of up to £102.3m equity for the 12 Sites and Chippenham Road scheme together with a budget of £58.7m for potential land acquisition/CPO costs within the proposed HRA capital programme, noting that the HRA capital programme recommended by Cabinet on 17 February 2021, and approved by Full Council on 3 March 2021 includes the necessary capital funding to progress the regeneration.

2. **Approved** the Havering and Wates Regeneration Joint Venture Business Plan dated January 2021, as contained in exempt Appendix 3.
3. **Agreed** to further forward funding for the remainder of phase 1 of the 12 Site Programme up to £9.7 million; for the development of Solar, Serena and Sunrise Courts (£1.6 million [to total £17.5m]) and the Waterloo and Queen Street Estate (£8.1 million [to total £22.7m]) **and delegated authority to** the Director of Regeneration to enter into the necessary forward funding agreements.
4. **Approved** the removal of the Farnham and Hilldene estate from the 12 site regeneration programme, **noting** that the scheme would be subject to a future approval by Cabinet to be taken forward under a Council-led approach.
5. **Approved** the budget of up to £0.6 million to fund the remediation works on the Solar Serena Sunrise Estate and **delegated authority to** the Director of Regeneration in consultation with the Director of Legal and Governance to enter into contract with the Havering and Wates JVLLP to carry out the remediation works on the site, **noting** that the HRA capital programme recommended by Cabinet on 17 February 2021, and approved by Full Council on 3 March 2021 includes the necessary capital funding to progress the works.
6. **Delegated authority to** the Director of Regeneration in consultation with the Director of Housing and Director of Legal and Governance to enter into a contract with the Havering and Wates JVLLP to provide a longstop arrangement, where the Council would acquire any open market units on the Solar Serena Sunrise estate, which remain unsold after 18 months from practical completion of the development for a value equivalent to 75.0 per cent of open market value for units earmarked for private sale and 61.6% per cent of open market value for units earmarked for shared ownership, **noting** that any acquisitions would be funded from the existing affordable housing HRA capital budget set aside for the scheme.
7. **Approved** the budget of up to £7.0 million to fund the offer to purchase family homes (3 bed or larger) from prospective buyers on the Solar Serena Sunrise Estate, **noting** that the HRA capital programme recommended by Cabinet on 17 February 2021, and approved by Full Council on 3 March 2021 includes the necessary capital funding to fund the acquisitions.
8. **Delegated authority to** the Director of Regeneration to enter into variations of any of the existing joint venture documentation, which is required to implement any of the recommendations, contained in the report.

9. **Delegated authority to** the Director of Regeneration to consider the appropriation of land at the appropriate time at Waterloo and Queen Street Estate from the Housing Revenue Account (HRA) to the General Fund, for planning purposes and to consider the appropriation of land at the appropriate time at Waterloo and Queen Street Estate back to the HRA.
10. **Approved** the budget of up to £5.0 million to fund the cost of compensation of Appropriation linked to the Waterloo and Queen Street Estate, noting that the HRA capital programme recommended by Cabinet on 17 February 2021, and approved by Full Council on 3 March 2021 includes the necessary capital funding to fund the compensation.
11. **Delegated authority to** the Director of Regeneration to make all further changes to the documentation consequent on the recommendations in this report that the Director considers necessary or in his opinion appropriate from time to time

21 **TO AGREE THE DELIVERY METHOD FOR THE REGENERATION OF THE HILLDENE, FARNHAM, CHIPPENHAM AND HOSTEL SITE**

Cabinet considered a report to agree on the delivery method for Regeneration of the Hilldene, Farnham, Chippenham and Hostel site.

It was explained that Harold Hill has, for many years, and continues to be, one of the most deprived areas not only in Havering but in London. To try to rectify this, Harold Hill had been the focus of a previous Council led regeneration programme called Harold Hill Ambitions. In essence, the programme was hugely successful in delivering a physical and community regeneration programme.

The emerging Local Plan's spatial strategy was to deliver good growth and envisaged growth and development being shared across the Borough's district centres, such as Harold Hill. In addition to this, the emerging Local Plan encouraged new high-quality residential development and residential intensification within and close to the centre. It also supported an appropriate scale of retail, culture, service industries and office development. The new development was expected to make a positive contribution to place making and local distinctiveness.

As part of the Council's regeneration aspirations, three separate sites had been identified in Harold Hill as an opportunity to deliver the outcomes prescribed by the emerging Local Plan. The considered sites included Farnham & Hilldene, Farnham and Hilldene district town centre, Abercrombie Hostel and Chippenham Road as shown by the red line boundary attached in Appendix 1.

Approval was being sought to progress with the strategy to deliver the three sites under a single, cohesive design vision. Officers would be enabled to move forward with community-led, socio-economic regeneration which would complement other area-based initiatives within the Council such as the Community Hubs and Local Community Coordination. It was envisaged that holistic intervention in Harold Hill would deliver community wealth building and improved social outcomes.

In addition the preferred delivery method approval was sought of the individual sites. In the interests of securing the best value for the Council, an analysis had been conducted to consider each site on its own merit in order to determine the best delivery method. Considered within the report was delivery via the Council's existing joint venture, Havering Wates Regeneration LLP (HWR) or a direct delivery approach funded through the Housing Revenue Account (HRA).

To enable the viability assessment, a capacity study exercise has been conducted to explore various design options for each site. This exercise has informed an indicative financial position to be drawn of the individual sites and to conclude budget recommendations. The key commercial inputs have been reviewed and validated by external specialists.

At the heart of the single design vision was the existing Farnham and Hilldene district town centre. Despite its relatively poor state and deprivation, the centre remains vibrant and formed an integral part of any plans for regeneration due to its presence and commercial footfall, as well as engendering a strong sense of community.

The Chippenham Road site was first identified in 2019 as an opportunity site for regeneration due to the closure of the Council housing offices. The site was adopted by the Havering and Wates Regeneration LLP (HWR) for development.

Abercrombie Hostel site was more recently included in the overarching area proposals in order to maximise the benefits of regeneration for the Council and its residents.

Furthermore, the report proposed that the regeneration of Farnham and Hilldene district town centre, Chippenham Road and the Abercrombie Hostel sites were progressed under a combined design scheme, taking into account the commercial offering, housing need and social infrastructures required to support the community. Consideration was given to the benefits of delivering a new community Medical Centre and replacement of the existing Abercrombie Hostel facilities with a new high quality Family Welcome Centre.

The regeneration would take several years and would require rehousing and re-provision of existing households and businesses. As such, considerations were given to phasing the development, to ensure potential costs and disruption was minimised to community and business stakeholders. Further

detailed proposals would be developed and shared with Cabinet detailing the phasing methodology.

It should be noted that any drawings accompanying the report were not an agreed design and only represented the capacity exercise. All design was subject to further necessary consultation and approval.

As consultation and engagement progresses, the impact of the Covid-19 pandemic would be reviewed and checked to establish if they required changes to the proposals for the regeneration.

The financial position and the budget calculations were also subject to detailed design, consultation and due diligence. As the schemes progressed further reports would be submitted as required for further approvals.

Cabinet:

(Please note the amended recommendation 4 from that shown in the report)

1. **Approved** the strategy to deliver three sites under a single design vision, the considered sites include Farnham and Hilldene district town centre District Centre, Chippenham Rd and the Abercrombie Hostel sites and the former Library site (“the Combined Scheme”) as noted in Fig 1 where the red line boundary is edged at Appendix 1.
2. **Approved** the Council-led funding and direct delivery of the regeneration of Farnham and Hilldene district town centre Farnham and Hilldene district town centre, as detailed in paragraphs 10.16 to 10.34 of the exempt Report.
3. **Approved** the Council-led funding and direct delivery of the Family Welcome Centre and Medical Centre at the Abercrombie Hostel Site as detailed in paragraphs 10.01 to 10.38 of the Report.
4. **Approved** the closure of the existing Abercrombie Hostel prior to the development of the Family Welcome Centre and the closure of the existing Will Perrin Hostel after the development of the new Family Welcome Centre. (Amended from recommendation 4 shown in the report as agreed by Cabinet)
5. **Noted** the update on the projected costs to deliver the regeneration of Chippenham Road via the existing arrangements with the Havering and Wates Regeneration LLP as detailed in paragraphs 10.01 to 10.27.
6. **Noted** a HRA capital budget of £45.139 million has been included within the proposed HWR 2021/22 budget to progress the Chippenham Road scheme.

7. **Agreed** to endorse and recommend the budget of £192.817 million to progress the Council-led regeneration of the Farnham and Hilldene district town centre Farnham and Hilldene district town centre and the Abercrombie Hostel Site, **noting** that the HRA capital programme approved by Cabinet on 17 February 2021, and ratified by Full Council on 3 March 2021, includes the necessary capital funding to progress the regeneration.
8. **Agreed** to endorse and recommend the inclusion of a budget of £4.602 million to progress the regeneration of a Medical Centre at the Abercrombie Hostel Site and £17.051 million for the development of a new commercial offering on the Farnham and Hilldene district town centre Farnham and Hilldene district town centre within the proposed General Fund Capital programme, **noting** that the General Fund capital programme approved by Cabinet on 17 February 2021, and ratified by Full Council on 3 March 2021 includes the necessary capital funding to progress the regeneration.
9. **Agreed** to delegate to the Lead Member for Housing, after consultation with the Director of Housing and Director of Regeneration, the authority to approve the Farnham and Hilldene district town centre and Chippenham Road ballot (if required) including any ballot communication plan.
10. **Noted** the continuation of the extensive stakeholder engagement and consultation programme identified within the body of this report.
11. **Noted** officers are in the process of preparing an executive decision seeking approval to make application to the GLA for the provision of grant funding to support the delivery of affordable homes on the Farnham and Hilldene district town centre Farnham and Hilldene district town centre and Chippenham Road. In order to accept any funding offer and enter into the necessary formal contract(s), a full cabinet report will be brought forward for consideration.
12. **Authorised** the Director of Regeneration after consultation with the s151 Officer and the Director of Housing to consider the appropriation between the general fund and HRA accounts of the Council and to implement such appropriation as necessary to develop Farnham and Hilldene district town centre, Chippenham Road and Abercrombie Hostel sites.
13. **Authorised** the Director of Regeneration after consultation with the S151 Officer and the Director of Housing to consider and implement the appropriation of land for planning purposes, subject to the agreement of the Secretary of State, to facilitate the development of Farnham and Hilldene district town centre, Chippenham Road and Abercrombie Sites and **approve** an application to the Secretary of State for appropriation under section 19(2) of the Housing Act 1985 (the precise areas of land to be appropriated to be decided).

14. **Noted that** the Director of Regeneration will undertake soft market testing to establish main interest in the project and a detailed non-key decision on procurement commencement post checkpoint 1 will be provided for formal approval in line with the Constitution and Contract Procedure Rules.

22 **ADOPTION OF THE STATEMENT OF LICENSING POLICY 2021 - 2026**

Cabinet considered the proposed Statement of Licensing Policy 2021-2026 which had incorporated the comments following the public consultation. They were advised that Section 5 of the Licensing Act 2003 (hereafter termed 'the 2003 Act') required all Licensing Authorities to prepare and publish a Statement of Licensing Policy that they propose to apply in exercising their functions under the Act during the five year period to which the policy applies.

It was explained that a draft policy was subject to a twelve week consultation, opening on 17th August and closing on 9th November 2020.

Cabinet:

Adopted the Statement of Licensing Policy 2021-2026.

Chairman