



# CABINET

<b>7.00 pm</b>	<b>Wednesday 28 January 2026</b>	<b>Council Chamber - Town Hall</b>
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Members 9: Quorum 3

Councillor Ray Morgon (Leader of the Council), Chairman

**Cabinet Member responsibility:**

Councillor Gillian Ford (Vice-Chair)

Lead Member for Adults & Wellbeing

Councillor Oscar Ford

Lead Member for Children & Young People

Councillor Paul McGeary

Lead Member for Housing & Property

Councillor Paul Middleton

Lead Member for Digital, Transformation & Customer Services

Councillor Barry Mugglestone

Lead Member for Environment

Councillor Natasha Summers

Lead Member for Housing Need & Climate Change

Councillor Christopher Wilkins

Lead Member for Finance

Councillor Graham Williamson

Lead Member for Regeneration

**Zena Smith**

**Head of Committee and Election Services**

**For information about the meeting please contact:**

**Bernadette Lynch**

**e-mail: [bernadette.lynch@havering.gov.uk](mailto:bernadette.lynch@havering.gov.uk)**



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

**Cabinet, 28 January 2026**

**Please would all Members and officers attending ensure they sit in their allocated seats as this will enable correct identification of participants on the meeting webcast.**

***Under the Committee Procedure Rules within the Council's Constitution the Chairman of the meeting may exercise the powers conferred upon the Mayor in relation to the conduct of full Council meetings. As such, should any member of the public interrupt proceedings, the Chairman will warn the person concerned. If they continue to interrupt, the Chairman will order their removal from the meeting room and may adjourn the meeting while this takes place.***

***Excessive noise and talking should also be kept to a minimum whilst the meeting is in progress in order that the scheduled business may proceed as planned.***

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

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

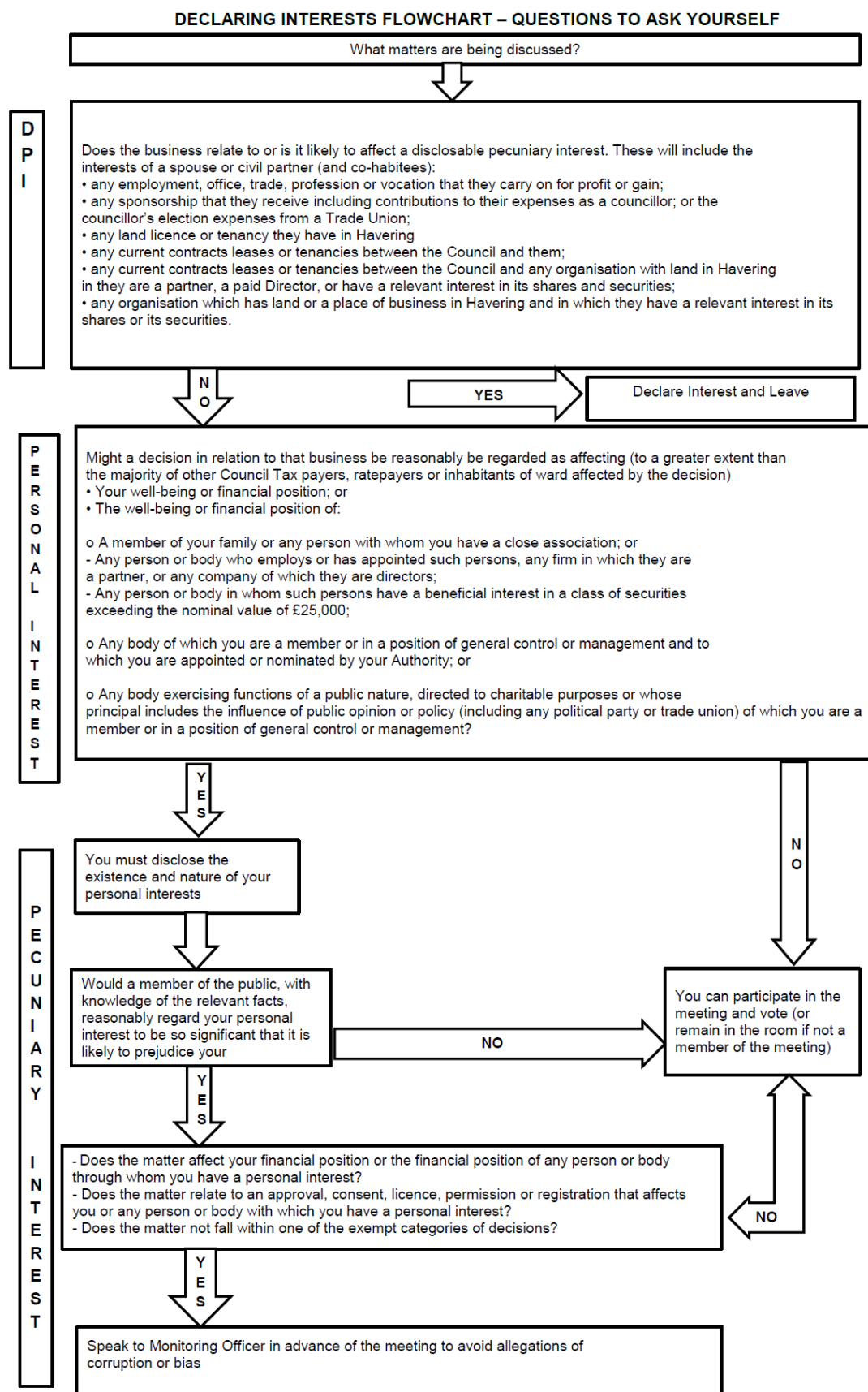
Reporting means:-

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

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

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

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



**Principles of conduct in public office**

In accordance with the provisions of the Localism Act 2011, when acting in the capacity of a Member, they are committed to behaving in a manner that is consistent with the following principles to achieve best value for the Borough's residents and to maintain public confidence in the Council.

**SELFLESSNESS:** Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

**INTEGRITY:** Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.

**OBJECTIVITY:** In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

**ACCOUNTABILITY:** Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

**OPENNESS:** Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

**HONESTY:** Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

**LEADERSHIP:** Holders of public office should promote and support these principles by leadership and example.

## **AGENDA**

### **1 ANNOUNCEMENTS**

On behalf of the Chair, there will be an announcement about the arrangements in case of fire or other events that might require the meeting room or building's evacuation.

### **2 APOLOGIES FOR ABSENCE**

If any receive;-

### **3 DISCLOSURES OF INTEREST**

Members are invited to disclose any interests in any of the items on the agenda at this point of the meeting. Members may still disclose an interest in an item at any time prior to the consideration of the matter.

### **4 MINUTES** (Pages 9 - 22)

To approve as a correct record the minutes of the meeting held on **14<sup>th</sup> January 2026**, and to authorise the Chair to sign them.

### **5 RAINHAM AND BEAM PARK BUSINESS PLAN UPDATE 20206/27** (Pages 23 - 50)

Report attached.

Exempt Appendices A, B and C to this 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.

This report 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.

### **6 MERCURY LAND HOLDINGS (MLH) BUSINESS PLAN AND BUDGET UPDATE 2026/27** (Pages 51 - 128)

Report attached.

Exempt Appendices A, B, C and D to this 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.

This report 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.

**7 BRIDGE CLOSE REGENERATION LLP BUSINESS PLAN REFRESH 2026/27**  
(Pages 129 - 516)

Report attached.

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.

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.

**8 HAVERING WATES REGENERATION JOINT VENTURE BUSINESS PLAN** (Pages 517 - 582)

Report attached.

Notice of Key Cabinet Decision containing exempt information.

This Cabinet Report contains some appendices (A & B) 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.

**9 HRA BUSINESS PLAN UPDATE BUDGET 2026/27 AND CAPITAL PROGRAMME 2026/27 - 2030/31** (Pages 583 - 634)

Report attached.

**Appendix 5** to this report is exempt by virtue of paragraph 3 of the Access to Information Procedure Rules set out in the Constitution pursuant to Schedule 12A Local Government Act 1972, as amended in that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information). The public interest in maintaining the exemption outweighs the public interest in disclosing the information.

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**MINUTES OF A CABINET MEETING**  
**Council Chamber - Town Hall**  
**Wednesday, 14 January 2026**  
**(7.00pm - 9.21 pm)**

**Present:**

Councillor Ray Morgon (Leader of the Council), Chairman

**Cabinet Member responsibility:**

Councillor Gillian Ford (Vice-Chair)

Lead Member for Adults & Wellbeing

Councillor Oscar Ford

Lead Member for Children & Young People

Councillor Paul McGeary

Lead Member for Housing & Property

Councillor Paul Middleton

Lead Member for Digital, Transformation & Customer Services

Councillor Barry Mugglestone

Lead Member for Environment

Councillor Natasha Summers

Lead Member for Housing Need & Climate Change

Councillor Christopher Wilkins

Lead Member for Finance

Councillor Graham Williamson

Lead Member for Regeneration

**In attendance:** Councillor Michael White (CON), Councillor Keith Darvill (LAB), Councillor Martin Goode (EHRG), Councillor Julie Wilkes (HRA) as Vice-chair of the Overview & Scrutiny Committee  
Councillor David Taylor (CON) as Chair of Place Overview & Scrutiny Sub-Committee

**58 ANNOUNCEMENTS**

On behalf of the Chair, there was an announcement about the arrangements in case of fire or other events that might require the meeting room or building's evacuation.

**59 APOLOGIES FOR ABSENCE**

No apologies received.

60     **DISCLOSURES OF INTEREST**

There were no disclosures of interest.

61     **MINUTES**

The minutes of the meetings held on **10<sup>th</sup> December 2025**, were agreed as a correct record and the Chair signed them.

62     **HAVERING COMMUNITY SAFETY PARTNERSHIP PLAN 2026-29**

Report Title: **Approval of the Havering Community Safety Partnership, Partnership Plan 2026 to 2029**

Presented by: **Councillor Barry Mugglestone, Cabinet Member for Environment**

**Summary:**

Havering Community Safety Partnership Plan: *People will be safe, in their homes and in the community.*

The Council has a statutory to produce an annually refreshed community safety plan.

The Havering Community Safety Partnership has a statutory responsibility (under the Crime and Disorder Act 1998) to produce a 3 year partnership plan (refreshed annually) which sets out how the partnership will tackle Crime and Disorder within Havering.

**Cabinet:**

**Agreed** the revised Havering Community Safety Partnership Plan 2026-29 set out in Appendix 1

63     **ADOPTION OF NEW CCTV POLICY**

Report Title: **Adoption of New CCTV Policy**

Presented by: **Councillor Barry Mugglestone, Cabinet Member for Environment**

**Summary:**

This report seeks the adoption of a new Closed-Circuit Television (CCTV) and Body Worn Video (BWV) Policy. This is to primarily improve compliance of the regulation and administration of the Council's CCTV function.

The policy also underpins how the Council meets its statutory obligations. These obligations fall under Section 17 of the Crime and Disorder Act 1998,

which requires local authorities to consider crime and disorder reduction in all their functions, and under the Police, Crime, Sentencing and Courts Act 2022, which places a duty on councils and their partners to address serious violence (Serious Violence Duty-SVD) in the borough by using the technologies legally and ethically.

**Cabinet:**

**Noted** the contents of and **agreed** to the publication of the new CCTV Policy, appended to this report at **Appendix 1**.

64     **APPROVAL OF THE REVISED INCLUSIVE GROWTH STRATEGY**

Report Title: **Adoption of Revised Inclusive Growth Strategy.**

Presented by: **Councillor Graham Williamson, Lead Member for Development & Regeneration**

The proposed revised Inclusive Growth Strategy describes the context of economic challenge and opportunity and the proposed strategy approach to supporting the economic growth of the Borough.

There are no direct financial implications from approving the revised strategy as the process was completed on a 'light touch' basis. Financial implications will be considered through any proposed action to deliver and approval sought at that time

This report presents to Cabinet for adoption the revised Inclusive Growth Strategy. The current Inclusive Growth Strategy was last presented to Cabinet and was adopted in November 2021 based on data collected and reviewed in 2019.

**Cabinet:**

**Agreed** to adopt the draft revised Inclusive Growth Strategy

65     **ADOPTION OF SOCIAL VALUE GUIDANCE POLICY**

Report Title: **Adoption of Social Value Policy and Guidance**

Presented by: **Councillor Ray Morgon, Leader of the Council**

**Summary:**

The proposed Social Value Policy and Guidance describes how social value can be leveraged to benefit the Council and its residents above and in addition to the sums agreed as part of procurement processes.

Social Value refers to the wider financial and non-financial value created by the Council through its day-to-day activities and Community Leadership in

terms of the wellbeing of individuals and communities, social capital created and the environment.

The Social Value Policy will act as a 'golden thread' between the Council's Corporate Plan and how the Council procures Goods, Services or works. Social Value requested in procurements must be relevant to the procurement and should link back to the priorities as set out in the Corporate Plan 2024-2027.

Social Value is defined in the Public Services (Social Value) Act 2012 which came into force in January 2013. It requires the Council and its supply chain to look beyond the financial cost of a contract and consider how the services we commission and procure might improve the economic, social and environmental well-being of the Borough.

The Council procures using three sets of legislation "Procurement Act 2023, the Public Contracts Regulations 2015, Health Care Services (Provider Selection Regime) Regulations 2023" all of which require the Council to consider how Social Value can be leveraged to gain additional benefit for its residents and communities, this is also supported through the Governments National Procurement Policy Statement.

**Cabinet:**

**Approved** the adoption of the Social Value Policy, as set out in Appendix A and the Social Value outcomes matrix as set out in Appendix B. This will be incorporated in the revision of the Contract Procedure Rules.

**66 APPROVAL OF THE EDUCATION EMPLOYMENT SKILLS STRATEGY**

Report Title: **Adoption of new Education & Employment Skills Strategy**

Presented by: **Councillor Oscar Ford, Cabinet Member for Children & Young People**

**Summary:**

The proposed Education & Employment Skills Strategy outlines the context of line-of-sight challenge for young people and residents to opportunities to upskill, enter the workforce, and the proposed strategic approach to supporting the residents of the Borough.

Currently, all of the proposed activity is covered by the existing provision of secured external grants covering Adult Education, Connect to Work and Trailblazer programmes, for example, rather than core Council budgets. These funds have been secured for the duration of this iteration of the Strategy.

This report presented to Cabinet for adoption the draft Education & Employment Skills Strategy.

**Cabinet:**

**Agreed** to the adoption of this new Education & Employment Skills Strategy

67 **SITE SELECTION FOR FAMILY HUB**

Report Title: **Site Selection for a Family Hub**

Presented by: **Councillor Oscar Ford, Lead Member for Children and Young People**

**Summary:**

Havering has a statutory duty under the Children's Act to provide support as appropriate within our local area. We successfully bid for funding under the Family Hubs and Best Start in Life Programme to establish a Family Hub site which must be identified by January 2026, prioritising disadvantaged communities to maximise reach and accessibility. The hub will offer integrated support across health, education, and social care, including delivery of parenting programmes, home learning interventions, and mental health services. Delivery in line with guidance will be flexible, community-based, and inclusive, with a strong emphasis on co-location of services, digital access, and continuous improvement through local governance and collaboration.

The Department for Education (DfE) has awarded Havering a Best Start Family Hubs Development Grant of £153,555. This funding will help establish a Local Family Hub to deliver parenting and home learning programmes from April 2026. The aim, in line with national guidance, is to improve early childhood development and help children thrive at school, with a target for 75% of children to reach expected development levels by 2028.

The grant requires us to identify at least one Family Hub site by January 2026. The site must be in a disadvantaged area, accessible, welcoming, and able to host parenting programmes and co-located services. The enhanced family hubs offer will need to be in place from April 2026.

**Cabinet:**

**Agreed** a recommendation to select St Kilda's Children's Centre in Romford as the main Family Hub for phase one of the programme with satellite hubs at Ingrebourne Children's Centre and MyPlace Youth and Community Centre, both in the Harold Hill area, in order to ensure sufficient reach and delivery across the breadth of the offer.

Following a review of local data, service and demand needs within the Borough, this recommendation is based on St. Kilda's central location, accessibility, existing infrastructure, and high service usage. The site meets

the criteria set by the DfE and offers opportunities to expand our existing services and partnerships.

**Cabinet agreed** to the proposal that, alongside St Kilda's as the main Family Hub, Ingrebourne Children's Centre and MyPlace Youth and Community Centre, both in the Harold Hill area, are utilised as satellite family hubs during this initial phase to ensure sufficient reach and delivery across the breadth of the offer.

**Cabinet agreed** to the recommendation that the sites for service delivery remain under frequent review to ensure that maximum potential reach is being achieved and that all appropriate community venues are being utilised.

68 **ARNOLD'S FIELD WORKS- CONTRACTS AWARD (PHASE 1)**

Report Title: **Arnold's Field Works – Contracts Award (Phase 1)**

Presented by: **Councillor Ray Morgon, Leader of the Council**

**Summary:**

Due to the determination, on 16 October 2025, that the Arnold's Field site is now formally identified as "contaminated land", it became urgent and necessary to seek to stop (or significantly reduce) the cause of the adverse effects on human health before the next annual cycle of fires/smoke (likely to start in the approach to the summer of 2026).

As reported to residents at the public meeting on 25 November 2025, the Council has been in dialogue with the site landowner with a view to having initial works carried out at the site – aiming to be completed by 30 April 2026. These works will focus on the areas which were either responsible for most of the fires in the 2025 summer fire season and/or are most likely to be the seat of fires in 2026.

These initial works (known as "Phase 1") are regarded as a temporary means to halting or reducing the fires to provide some interim relief to residents and do not constitute a permanent solution or full coverage of the site. The success, or otherwise, of Phase 1 will be reviewed to provide learning for any further works.

Due to the impact on public health and the need to take all necessary reasonable steps to facilitate the achievement of the works, consideration has been given to the Council providing funds, without prejudice and with no acknowledgement of responsibility for clearing up the wider site, of up to £300,000 for the Phase 1 works. This was noted in the Cabinet report (17 September 2025) on "Launders Lane (Arnold's Field)" to achieve a "voluntary temporary solution" (at least in part) in 2026.

Whilst, at the time of drafting this report, the Council and the landowner have differing views as to the best way forward to achieve the desired result, there exists (at this time) a common commitment to meet the required works timeline.

The Phase 1 works are estimated to take up to three months and, in order to finish in April, they should begin in February. However, the preliminary drone surveys (currently being procured), will not bear results until the start of January and the detailed specifications and any alternative proposals for works cannot be developed until after those results are available.

Consequently, the timeline is tight – particularly in the context of the timescales required for the Council's governance and procurement processes.

This report therefore seeks Cabinet approval to delegate authority to officers to decide on the nature of the initial (Phase 1) works to be conducted and either to directly award a contract for those works or to support the landowner's alternative proposed works (if they would achieve a similar or better outcome).

### **Cabinet Members Agreed**

1. In principle, to the proposals for the Phase 1 works for Arnold's Field (as set out in this report) (without prejudice and with no acknowledgement of responsibility for works across the wider site) to be a maximum value of £300,000.
2. To delegate, to the Strategic Director of Place in conjunction with the Strategic Director for Resources, authority to:
  - a. procure and award a contract for Phase 1 remedial works at Arnold's Field as set out in this report; and/or
  - b. Consider alternative arrangements on required works from the owner
  - c. negotiate and enter into any contracts and ancillary arrangements required to give effect to the recommendations in this report
3. To waive the Contracts Procedure Rules, as required, to give effect to the recommendations in this report.

### **69 JOINT PEOPLE/PLACE OVERVIEW & SCRUTINY COMMENTS - LAUNDER'S LANE (ARNOLD'S FIELD)**

**Report title: Joint People/Place Overview & Scrutiny Comments - Launder's Lane (Arnold's Field)**

**Presented by: Councillor David Taylor, Chair of Place Overview & Scrutiny Sub-Committee**

**Response from: Councillor Ray Morgon, Leader of the Council**

Using its Constitutional powers under the Overview and Scrutiny Procedure Rules, the People and Place Overview and Scrutiny Sub-Committees at a joint meeting have made a number of recommendations to Cabinet. Cabinet is required to respond to these.

**Recommendation:**

That Cabinet considers and responds to the following recommendations made by the People and Place Overview and Scrutiny Sub-Committees in relation to the report on Launders Lane (Arnold's Field) in response to a motion on Arnold's Field agreed by Full Council.

1. That the Council review relevant past documents and communication and look at putting together an engagement strategy as to how it communicates in the future. Council has been and continues to be proactive in communicating with the residents in Rainham
2. That the Council look at proactive communication in general on the Launders Lane issue with particular emphasis on the site clean-up and the provision of clear health advice.
3. That the Council explore advising residents and the landowner to cut back the bush shrubbery.
4. That the Council provide further information on the existence of asbestos on the site
5. That the Council lobby the government to request a tightening of the legislation around smoke with reference to Part 2A of the Environmental Protection Act 1990.
6. The Sub-Committees also recommend that the Council seek legal opinion on its potential exposure to being sued in the future by local residents.
7. That the Council plan to monitor and to detect long term health impacts in order that an action plan around detecting long term health impacts be put in place.
8. That the Council consider a data sharing partnership specifically with the London Fire Brigade.

**1. Communications & Engagement**

The Council has maintained proactive communication with Rainham residents since May 2022 through:

Newsletters, public meetings, presentations, a dedicated webpage, email address, and WhatsApp channels.



The Leader emphasised the administration's commitment to openness, transparency and honesty.

Scrutiny Committee recommendation: a review of communications should still take place despite strong performance to date.

## 2. Scrutiny Recommendations

Scrutiny recommendations fall into two themes:

(a) Communications and (b) Improvements.

Key points raised by the Scrutiny Chair:

Recommendation for Cabinet to receive and respond to scrutiny input.

Appreciation expressed for the joint meeting attended by LFB, Environment Agency and residents.

Clarifications were gained regarding the Council's legal position.

## 3. Lobbying & Legislative Change

Recognition that current legislation is inadequate.

Council progressing with lobbying for Zane's Law, supported by:

Engagement with the borough's three MPs.

Meetings planned with families and stakeholders involved in prior legal actions.

Aim: improve powers and funding available to councils in dealing with hazardous sites.

## 4. Long-Term Health Monitoring

Concern noted that health impacts may emerge many years later.

Recommendation: develop a monitoring and detection plan for long-term health impacts.

Council update:

Permanent air quality monitoring in place.

Ongoing work with Public Health, NHS partners and universities.

Further updates will return to Scrutiny (likely in February).

## 5. Data Sharing

Scrutiny recommended establishing a data-sharing partnership with London Fire Brigade.

Discussion on whether data should be sourced from LFB directly or the Fire Brigades Union.

The union provided insight on firefighter PPE requirements and exposure; use of that data may support public health analysis.

#### 6. Asbestos and Environmental Measures

Soil sampling confirmed asbestos present underground.

Air monitoring during fires confirmed no airborne asbestos.

Extensive environmental monitoring undertaken, including soil analysis and air quality readings.

Council reaffirmed commitment to ensuring residents' health and wellbeing.

#### 7. Legal Work

The Council has sought KC-level legal advice from the outset to support enforcement and resolution.

Judicial Review outcomes contributed to new case law around smoke and contamination considerations.

#### 8. Next Steps

Council will return to Scrutiny with:

Updates on health monitoring, data sharing, asbestos matters and environmental measures.

Timings aligned with outcomes of ongoing work such as drone surveys and contract awards.

### 70 **PEOPLE OVERVIEW & SCRUTINY COMMENTS - EDUCATION & EMPLOYMENT SKILL STRATEGY**

Report Title: **People Overview & Scrutiny Comments - Education & Employment Skill Strategy**

Using its Constitutional powers under the Overview and Scrutiny Procedure Rules, the People Overview and Scrutiny Sub-Committee have made a recommendation to Cabinet. Cabinet is required to respond to these.

That Cabinet considers and responds to the following recommendation made by the People Overview and Scrutiny Sub-Committee in relation to the report on the Education & Employment Skills Strategy.

- The strategy strengthens the route for residents who wish to move to higher skill levels (for example Level 2 to Level 3)

**Cabinet supported the recommendation**

### 71 **COMMENTS OF OVERVIEW AND SCRUTINY BOARD ON REQUISITION OF CABINET DECISION - FUTURE PROPOSALS FOR FORMER LIBRARY PREMISES**

Report Title: **Comments of Overview and Scrutiny Board on Requisition of Cabinet Decision - Future Proposals for Former Library Premises**

Presented by: **Councillor Julie Wilkes – Deputy Chair of the Overview & Scrutiny Board.**

Response from: **Councillor Graham Williamson, Lead Member for Development & Regeneration**

Following the call-in considered by Overview and Scrutiny Committee on the 8th January 2026 and after consideration of the comments made, Cabinet have clarified the recommendations made in the report for transparency:

Cabinet are asked the following:

Former Gidea Park Library site:

Approve in principle the re-purposing of the former Gidea Park Library site for the development of a 6-person accommodation facility for children with disabilities, subject to a separate business case being submitted to and **agreed by Cabinet.**

Endorse a request for capital budget in the sum of £120,000 to be included in the 2026/27 capital programme and approve the submission of any related planning application for the demolition of the former library building at Gidea Park. **Agreed by Cabinet**

Former Harold Wood Library site:

Note the ongoing evaluation of the proposal received from the Harold Wood Foundation in respect of the temporary use of the former Harold Wood library premises including the granting of a 7-year lease with a 3-year break-clause.

Note that any decision to be made in relation to the further proposals for the former Harold Wood Library site will be presented to a future Cabinet for decision. **Agreed by Cabinet**

Former South Hornchurch Library site:

Agree to the disposal of the former South Hornchurch library site, as identified in the red line plan shown in Appendix A. **Agreed by Cabinet**

Instruct officers to report back to a future Cabinet the outcome of the evaluation of the marketing of the site and premises of the former South Hornchurch library site with officer recommendations as to how achieve best value for the site can be achieved. **Agreed by Cabinet**

Endorse a request for capital expenditure in the sum of £110,000 and approve the submission of any related planning application for the

demolition of the former library building at South Hornchurch. – the final decision to demolish will be subject to the decision by Cabinet detailed above. **Agreed by Cabinet**

Delegate authority to the Assistant Director of Regeneration & Place Shaping, in consultation with the relevant Cabinet Member, Section 151 officer and Deputy Director of Legal and Democratic Services to conduct all appropriate steps to progress the recommendations above. **Agreed by Cabinet**

## 72     **2026/27 COUNCIL TAXBASE REPORT**

Report Title: **Council Tax base 2026/27**

Presented by: **Councillor Chris Wilkins (Cabinet Member for Finance)**

### **Summary:**

- 1.1. This report is produced to enable the Council to fulfil its statutory role to set a council tax base for 2026/27. The Local Government Finance Act (LGFA) 1992, as amended by the LGFA 2003 & LGFA 2012 requires the Authority to formally calculate the council tax base for 2025/26 and pass this information to precepting authorities by 31 January 2026. The tax base must be set between 1 December 2025 and 31 January 2026. The regulations stipulate that:
  - The appropriate figure must be calculated using the Valuation List and Council Tax records as at 30 November 2025 Calculation of the Tax Base,
  - The calculation of the Council Tax Base is by way of a statutory prescribed formula, which is set out at Appendix A.

### **Cabinet:**

- 2.1 **Agreed** a taxbase of 91,122 band D equivalents for 2026/27,
- 2.2. Cabinet **noted** the estimated collection rate set out in section 3.3 which is a prudent assumption and reflective of current collection levels.

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**Chairman**

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CABINET	28 <sup>th</sup> January 2026
<b>Subject Heading:</b>	Rainham and Beam Park Regeneration LLP Business Plan Update
<b>Cabinet Member:</b>	Councillor Graham Williamson Cabinet Member for Development and Regeneration
<b>ELT Lead:</b>	Neil Stubbings Strategic Director of Place
<b>Report Author and contact details:</b>	Harry Scarff Regeneration Manager <a href="mailto:Harry.Scarff@havering.gov.uk">Harry.Scarff@havering.gov.uk</a>
<b>Policy context:</b>	The Council now has ownership and control of Rainham and Beam Park Regeneration LLP (RBPR LLP), to facilitate or to deliver the regeneration of identified sites along the A1306 in Rainham and Beam Park, in support of the Council's ambitions for regeneration.
<b>Financial summary:</b>	Economic and local conditions currently prevent all of the proposed programme of residential led schemes being delivered within suitable financial parameters. Area wide change might be triggered by confirmation of the proposed Beam Park Station. Whilst announcements are awaited, it would be prudent to continue to proactively manage the properties acquired in the area to optimise financial and social benefits, and to explore opportunities to complete land assembly and to continue to explore development options.

**Exempt Information & Grounds**

**Is this a Key Decision?**

This is a key decision because

- a. The expenditure exceeds £500,000.
- b. Implications for two or more wards

**When should this matter be reviewed?** December 2026

**Reviewing OSC:** Place

**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



<b>SUMMARY</b>
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- 1.0 This Business Plan considers short and medium term measures appropriate for managing the assets acquired by Havering Council from its original regeneration partner, Notting Hill Genesis, in accordance with the Cabinet decision granted on 19<sup>th</sup> July 2023.
- 2.0 The long-term aim remains to facilitate delivery of a scheme of residential led regeneration across 9 comprehensive development sites along the A1306 New Road corridor in Rainham. The sites, largely in industrial use, are in multiple ownerships and often in poor environmental condition; residential development values in the area are very challenging.
- 3.0 The Business Plan considers scope to prepare specific sites for potential development pending approval of the new Beam Park Station by the Mayor of London. The investment in this station, and subsequent improvement in rapid transport options for the neighbourhood is expected to make a positive contribution to the local area and its economy, helping to stimulate demand for new homes and an improvement in the market for new homes.
- 4.0 In the meantime, the Plan seeks to improve utilisation and revenue income from existing sites and to improve the appearance of key frontages as part of the Council's place-making role.
- 5.0 The sites are in varying states of condition. The majority have occupiers in situ and generate an ongoing rental stream. Nine of the properties are residential and have now been repaired or will soon be repaired and brought into use in support of the Councils emergency housing programme.
- 6.0 The remaining properties are commercial. The majority are occupied and generating rental income for the council. Some commercial properties are vacant but being marketed for new occupiers or are being considered for interim uses, including short term residential.
- 7.0 The Council and the RBPR LLP are now seeking to use these landholdings to influence local placemaking whilst the station decision is in abeyance and economic conditions return. The proposed property strategy is set out in Exempt Appendix A.
- 8.0 The investment to date and the funding envelope is provided in Exempt Appendix C.

<b>RECOMMENDATIONS</b>
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**That Cabinet:**

1. Notes the current status of Rainham and Beam Park Regeneration LLP in the context of the delayed regeneration plans for Rainham and Beam Park.
2. Notes and approves the management strategy for the commercial and residential sites now owned by the Council as detailed in this report and in Exempt Appendix A.
3. Notes and approves the placemaking strategy as detailed in this report and Exempt Appendix A, so as to allow Rainham and Beam Park Regeneration LLP and the Council to influence the development plan for Rainham and Beam Park.
4. Notes that schemes that might be considered suitable for further investment, including detailed design and planning, will be the subject of further reports and recommendations.
5. Approves the proposed financial support necessary to deliver recommendations 2, 3 and 4 above, details of which are contained within Exempt Appendix C.
6. Authorise the Strategic Director of Place and the Assistant Director of Regeneration & Place Shaping to take any action necessary to bring into effect recommendations 2-3 above including, but not limited to, instructions to legal officers and the appointment of architects, surveyors, engineers, planning advisors and agents.

<b>REPORT DETAIL</b>
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## **9.0 Background**

- 10.0 The RBPR LLP was originally established as a 50/50 Joint Venture between the Council and a private sector delivery partner.
- 10.1 The RBPR LLP is tasked with delivering a scheme of residential led regeneration across nine comprehensive development sites along the A1306 New Road corridor in Rainham.
- 10.2 The sites, largely in industrial use, are in multiple ownerships and often in poor environmental condition; residential development values in the area are very challenging.
- 10.3 Outline planning consent had been obtained for each of the nine sites prior to the commencement of the RBPR LLP. Once the LLP had been established, further design development of the proposals was carried out to optimise each scheme. Detailed work was particularly focused on site NR02/03.
- 10.4 Planning consent for each site was based on the expectation that each comprehensive site was assembled and capable of development, as opposed to piecemeal/fragmented development. This approach remains supported by the Local Plan.
- 10.5 Site assembly was, until it was withdrawn in December 2021, to be concluded by the Council having made the 'Rainham and Beam Park CPO No 1 2019'.
- 10.6 The land assembly activity was supported by the Councils partner, working on behalf of the LLP, carrying out acquisitions of property through private treaty prior to the intended CPO inquiry.
- 10.7 The original business plan, along with subsequent reviews, had been overtaken by significant uncertainties arising from Brexit, the Covid-19 pandemic, delays to delivery programme, development cost uplift, inflation, the impact of regulatory change and economic contraction.
- 10.8 Crucially, the business plan anticipated the approval and then the opening of the proposed Beam Park Station. The investment in this station, and subsequent improvement in rapid transport options for the neighbourhood was expected to make a positive contribution to the local area and its economy, and helping to stimulate demand for new homes.
- 10.9 The confirmation and delivery of the Beam Park Station was expected following the establishment of the RBPR LLP. This was expected to stimulate a step

change in the access to public transport and connectivity in the local area and its potential for delivering growth and investment.

- 10.10 The delay to the anticipated station confirmation eventually led to the withdrawal of the CPO.
- 10.11 These events, along with and continuing regional economic uncertainty in the housing market caused the Council's partner to change its approach to regeneration and value creation through place making. As a consequence, the RBPR LLP Board was unable to agree any revised performance measures that reflected prevailing economic conditions, and development activity, including land assembly, was suspended.
- 10.12 Following a review of options in 2023, Cabinet approved the voluntary sale of the retiring partner's interest in the RBPR LLP to the council, and the termination of related agreements.
- 10.13 In parallel with the acquisition of the partners interest, Cabinet approved the voluntary sale of properties already acquired for the RBPR LLP by the JV partner's parent company, to the council.
- 10.14 At this point, the Nominee Co, a company wholly owned by the Council, was established to replace the retiring partner.
- 10.15 In order to preserve the LLP, a minimum of two Members are required. Therefore, the Council arranged for the transfer of the retiring Members interest to a suitable Council owned vehicle (as an LLP must continue to have a minimum of two Members to operate). The nominee company is now the second Member in the LLP alongside the Council.

<b>REASONS AND OPTIONS</b>
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**11.0 Reasons for the decision:**

- 11.1 The Council has been consistent in promoting and progressing its vision to regenerate the Rainham and Beam Park area and advancing the objectives of delivering new homes and affordable housing supported by key infrastructure brought forward by others, including a new school, a health building, cycle and wheeling schemes, improved public realm and public transport.
- 11.2 Good progress is being made with infrastructure delivery, with a new school and health centre both complete and in use but further residential development remains stalled whilst decisions about the future of Beam Park Station are made.

- 11.3 The new station is being delivered by the GLA, supported by Vistry, the developer behind the new Beam Park community. The new station will be located in the Beam Park district centre and offer the local community, including employers and residents, much needed access to public transport.
- 11.4 Delivery of the station is expected to provide a significant economic boost to the area, improving demand for new homes, helping to enable the delivery of employment schemes and generally improving sentiment of developers and funders whose support is required to bring forward schemes in the absence of public sector funding.
- 11.5 Beam Park Station is being delivered by the GLA. In order to secure the necessary approvals from the Department of Transport, the GLA are required to evidence their due diligence, including modelling of potential passenger revenues, operational and capital costs. This work is drawing to a conclusion, with the support of this council, and will report to the Mayor and to ministers in the first quarter of 2026 when a final review will be undertaken prior to a decision being made.
- 11.6 Whilst decisions are awaited on the future of the station, opportunities to bring forward development schemes are continually reviewed by the RBPR LLP. This includes schemes that can be brought forward early to contribute to the Councils response to the demand for emergency housing.
- 11.7 Eight residential properties have already been repaired and are now occupied by tenants previously housed in high-cost private accommodation. An opportunity to provide one additional home will be presented in the first quarter of 2026.
- 11.8 Further homes might be brought forward through rental of temporary modular homes, or through development of early phases of comprehensive schemes. These options are currently being reviewed and may be the subject of recommendations and papers brought forward by the LLP and officers at a later date.
- 11.9 Schemes for development will require planning consent for the 'comprehensive' scheme to be secured first. This is a requirement of the local planning authority. Crucially, development finance will also be required. To engage with potential funders, including the GLA, the RBPR LLP will need to be able to demonstrate deliverability and viability. Planning consents, survey information, initial cost plans and a robust and up to date understanding of the housing market will assist with this.
- 11.10 In order to secure the full ownership and control of comprehensive sites, some further land assembly will also be required. The RBPR LLP and the Council will need to review opportunities and review these in further detail as they come forward. These opportunities will be the subject of future recommendations.
- 11.11 In order to improve the opportunity for an acquisition by private treaty, opportunities to relocate tenants also need to be reviewed. The Council and the LLP continue to seek to retain businesses within the area but suitable

opportunities do not always exist. With this in mind the RBPR LLP will explore options for bespoke commercial development on land that has been acquired by the council but that is less suitable for residential use. Suitable options for commercial or enabling development may be the subject of recommendations and papers brought forward by the LLP and officers at a later date.

- 11.12 Many of the commercial properties that are owned by the council are currently let on short term or meanwhile tenancy arrangements and this has reduced the ability and motivation of tenants to invest in maintaining the appearance of properties. Many of these properties are highly visible, forming key parts of the street scene. Poor condition and inappropriate use detract from other schemes delivered by the council to improve the general area.
- 11.13 However, opportunities to improve the appearance of properties that have been acquired continue to present themselves as leases fall for renewal or when new tenancies are secured. Along with improving appearances, the opportunity will also arise to improve rents.
- 11.14 Service charges are also being introduced where sites are in multiple occupancy, an opportunity for the council to move away from any from contributing towards running and maintenance costs.
- 11.15 By improving rent and appearance, and moving to tenants with stronger covenant where the option is presented, the value of the portfolio can be optimised.
- 11.16 The RBPR LLP continues to work with the Council and with other landowners in the area to seek to bring forward comprehensive mixed-use schemes for itself or for others to deliver or delivered through discrete scheme specific partnerships to allow the council's financial involvement and execution/delivery risk to be contained.
- 11.17 New infrastructure continues to be delivered, including a new primary school that opened this academic year, a new health centre, grocery stores, café and nursery schools.
- 11.17 It is expected that confirmation of the proposed station will provide the incentive for local landowners and developers to review development plans and start to bring forward schemes for housing and employment. This may include the council.

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

### **12.1 Rejected. Not to improve sites**

- 12.1.1 By not seeking to improve sites, the council risks challenges to reputation and to credibility as a local landlord as properties continue to deteriorate.

### **12.2 Rejected. Not to improve revenue income**

12.2.1 The Council is committed to improving revenue income to help improve its financial position.

**12.3 Rejected. Not to continue to explore development options**

12.3.1 By continuing to review options, including for design, delivery and funding, the council improves its readiness to act once economic conditions allow.

**12.4 Rejected. Not to continue to explore land assembly opportunities**

12.4.1 By not exploring land assembly opportunities, the council is at risk of having its current portfolio of sites diluted by other ownership that might compromise the Council's ambition to enable comprehensive development and to secure high quality placemaking.

<b>IMPLICATIONS AND RISKS</b>
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**13.0 FINANCIAL IMPLICATIONS AND RISKS**

Financial implications and Risks are set out in Exempt Appendix C.

**14.0 LEGAL IMPLICATIONS AND RISKS**

14.1 Legal implications and risks will be identified as part of any recommendations within reports that are brought forward in accordance with the recommendations of this report.

14.2 Section 120 of the Local Government Act 1972 (LGA 1972) gives the Council the power to acquire land by agreement (either inside or outside the Council's area) for the purpose of any of its statutory functions or for the benefit, improvement or development of the Council's area. More widely, section 111 of the LGA 1972 provides the Council power to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or is incidental to, the discharge of any of its functions.

14.3 The Council may also rely on its general power of competence under section 1 of the Localism Act 2011 permitting it to do anything that an individual may do subject only to the limitations specified in the Act. In exercising this power, the Council must ensure that it acts rationally and complies with other relevant public law constraints.

14.4 The Council and Nominee Co have agreed the terms of the Conformed Members Agreement which determines the LLP's governance.

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

15.1 The Rainham and Beam Park Regeneration programme will require continued involvement of officers from the Regeneration Directorate, other Council services and external resources who will also need to support the management of the LLP and of the associated portfolio of properties. The Rainham and Beam Park Housing Zone forms part of the Council's overall regeneration programme.

**16.0 EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS**

16.1 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;



- li. the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- lii. foster good relations between those who have protected characteristics and those who do not.

‘Protected characteristics’ are age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

- 16.2** 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-economic and health determinants.
- 16.3 In respect of the proposed decision there are no adverse implications or risks associated with the Council’s statutory duty.

**17.0 HEALTH AND WELLBEING IMPLICATIONS AND RISKS**

- 17.1 This decision in itself will present no risks of negative wellbeing to individuals or groups. However, it will contribute to the on-going realisation of the Council’s regeneration vision for the Rainham and Beam Park Housing Zone.
- 17.2 However, a number of issues arise from the delay to the regeneration programme, and these will need to be kept under continuous review.
- 17.3 The allocation of affordable housing would be subject to the Council’s Allocation Scheme and any local lettings policies that would be drawn up to promote Rainham and South Hornchurch residents’ interests. Thus, delivery of affordable housing would benefit some of the borough’s most disadvantaged residents.
- 17.4 The new homes built would include a proportion of homes built to lifetime homes and disabled living standards.
- 17.5 Planned investment in new transport, schools, health, and leisure facilities including new high quality green space would ensure that those living in the south of the borough benefit from improvements in amenities without needing to travel to other parts of the borough, incurring costs and inconvenience.
- 17.6 The needs of disabled people and carers will be an integral feature of housing stock, allocation and lettings policies. No ‘protected’ group will be disadvantaged by the developments; however, where there is the possibility of a negative impact, a full Equality Impact Assessment will be carried out. A Health Impact Assessment, HIA will also be undertaken to establish the level of impact the regeneration scheme will have in the area.

**17.7 ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS**

- 17.8 This report does not give rise to any Environmental and Climate Change implications of or risks

**BACKGROUND PAPERS**

None

**APPENDICES**

**Exempt Appendix A**  
**Exempt Appendices B Part 1 and 2**  
**Exempt Appendix C**

Update: Rainham and Beam Park Regeneration  
Plan of sites currently owned by the Council  
Financial Implications

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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.

CABINET	PUBLIC AGENDA
<b>Subject Heading:</b>	<b>Mercury Land Holdings (MLH) Business Plan and Budget Update 2026/27</b>
<b>Cabinet Member:</b>	Councillor Ray Morgon, Leader of the Council.
<b>ELT Lead:</b>	Neil Stubbings, Strategic Director Place.
<b>Report Author and contact details:</b>	Mark Butler Assistant Director of Regeneration & Place Shaping Tel No: 01708 432947 E-mail: <a href="mailto:mark.butler@havering.gov.uk">mark.butler@havering.gov.uk</a>
<b>Policy context:</b>	London Plan 2021 National Planning Policy Framework 2021 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 2025/26.
<b>Financial summary:</b>	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?**

February 2027

**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

<b>SUMMARY</b>
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This report seeks Cabinet approval for the updated MLH Business Plan 2026/27 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 from the previously agreed funding envelope.

Cabinet should note that the updated MLH Business Plan 2026/27 will, if approved, provide a funding envelope within which MLH can operate. Proposals for individual scheme funding are supported by the production of a satisfactory business case at the appropriate time, which is then subject to further examination and additional governance, 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. Several schemes within the Business Plan already benefit from approved Business Cases.

MLH was formed as 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 including sale and rental opportunities that would support the continued growth of the company.

Sites within the company's programme include those where the Council has disposed of assets (land/buildings) to MLH at market value. Subject to satisfying appropriate financial criteria the Council will provide finance to MLH through a combination of equity investment and loans for their future development. 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 regulations, 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.

<b>RECOMMENDATIONS</b>
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Cabinet is asked to:

1. **Approve** the Mercury Land Holdings Limited Business Plan Update (see Exempt Appendix 3).
2. **Agree** to delegate authority to the Cabinet Member for Regeneration & Development, in consultation with the Strategic Director of Resources, 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. **Agree** that the previously allocated funding in the Feb 2025/26 Business Plan to MLH, up to a maximum of £270.1 million, is re-profiled to projects as updated in the Exempt Agenda, through a combination of equity investment and Subsidy Control compliant loans.
4. **Agree** to increase the MLH Working Capital Facility by £900,000 and to extend the term for a period of up to 5 years, as appropriate, commencing February 2026, and to delegate authority to the Strategic Director of Resources, in consultation with the Strategic Director Place and the Deputy Director of Legal & Governance to enter into the relevant agreements to give effect to this decision.
5. **Agree** to delegate authority to the Strategic Director of Resources to agree, after consultation with the Director of Legal and Governance, the completion of all relevant agreements and appointments of relevant professionals relating to the provision of debt finance by the Council to MLH
6. **Note** that the individual schemes are subject to detailed business cases to be approved under delegated authority, as set out in Recommendation 2.
7. **Agree** 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.



<b>REPORT DETAIL</b>
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**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 find good quality rental homes. Living in a good standard of home, that is reasonably priced and well maintained is a key determinant of good health and wellbeing. A quality rented sector helps address this lack of provision allowing residents more choice in housing options within the Borough. 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 – but also creates an improved offer to existing residents.

**1.5** There remains an opportunity for the Council to take advantage of this anticipated 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** 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 when developing PRS schemes 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 2026/27 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 shorthold tenancies and subject to any changes by central 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 units developed by the Company for sale will be sold on the open market
- 2.5** 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**

- 2.6** 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.

### **MLH Director Roles**

**3.3** 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 has continued to support MLH's board through the involvement of the Council's Chief Executive as a member of the MLH Board. In accordance with CIPFA recommendations, two other director positions will be filled and there will be a handover between the Chief Executive and new directors, to ensure an orderly transition. 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.

**3.4** 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**

**3.5** 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).

**3.6** 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).

**3.7** 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 2026/27 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 would enable the company to continue to grow and to meet the objectives of the Company 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 2025/26 Cabinet Report sought a funding commitment of £228.4m including the £20m reactive acquisition fund. The 2026/27 Cabinet report requests the previously agreed funding commitment be recommitted and reprofiled to previously agreed projects.
- 6.4** The previously approved 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** Further information is set out within Exempt Agenda Report attached as Appendix 1.

**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 taxpayers.
- 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 taxpayers. 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 taxpayers. This should include considering the impact on the Council (and therefore its local taxpayers) if MLH became insolvent or otherwise defaulted on loans it had taken from the Council.

### **Subsidy Control**

- 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 it 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.

**ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND 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 2025/26 (agreed at February 2025 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 2026/27**

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of the Local Government Act 1972.

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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.

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.

<b>CABINET</b>	28 <sup>th</sup> January 2026
<b>Subject Heading:</b>	Bridge Close Regeneration LLP Business Plan Refresh 2026-2027
<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 Gyiring-Nielsen Senior Regeneration Manager <a href="mailto:nick.gyiring-nielsen@havering.gov.uk">nick.gyiring-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), the 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 2025-2026 in light of the Council having acquired full interest in BCR LLP on 29<sup>th</sup> October 2020 and the approval by Cabinet authorising the update of the Bridge Close Regeneration LLP Business Plan to reflect the approved changes</p>

**Financial summary:**

to the funding and delivery arrangements set out in the 16<sup>th</sup> December 2020 Cabinet report.

The Council has made provision in the financial year 2025/2026 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 2025/2026, 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 2026

**Reviewing OSC:**

Place Overview and Scrutiny Subcommittee

**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

<b>SUMMARY</b>
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- 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.

<b>RECOMMENDATIONS</b>
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**That Cabinet:**

1. Approve the draft Bridge Close Regeneration LLP Business Plan 2026-2027 (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 Leader of the Council, 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 as may be required to deliver the regeneration of Bridge Close as per the Business Plan 2026-2027.
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 acquiring a minor proportion of Romford Ambulance Station land to facilitate the delivery of the school and an emergency fire access route to the rear of the new school.
6. 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 1-5 inclusive.

<b>REPORT DETAIL</b>
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## **2.0 Background**

- 2.1 Bridge Close is a 3.89 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 workspace
  - Improved east-west links, including a new pedestrian and cycle bridge
  - Environmental improvements to the River Rom.
- 2.7 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 for the remainder of the site includes up to 687 new homes, a community centre and flexible commercial floor space. 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 and 2025, 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, coordination 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 a revised 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.
- v. Environmental Statement – confirming the amended proposals do not give rise to adverse environmental effects and continue to be acceptable against environmental regulations.

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 In May 2025, BCR LLP submitted a formal response to the consultation responses received to date in relation to the redevelopment of Bridge Close as proposed in the planning application of November 2023. The submission provided a series of amendments to the application scheme to address the issues raised and to ensure that the scheme continues to be fully acceptable and in accordance with the relevant planning policy and guidance.

3.3.7 In August 2025, the Council's Strategic Planning Committee resolved to grant planning permission for the scheme.

- 3.3.8 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 2024-2025 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. In progressing consultation with relevant stakeholders, key issues such as highways and parking, the Underground Refuse System, design, river restoration, connections, and secure by design were addressed.
- 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. The formal response to comments and representations submitted to the LPA, in May 2025 provided an update to reflect consultation with the Havering Islamic Cultural Centre (HICC) and the London Ambulance Service (LAS) with respect to proposals for acquisition of land interests and relocation to suitable alternative sites, where appropriate.
- 3.4.3 In light of emerging proposals to accommodate the London Ambulance Service on site as set out below, it is anticipated that appropriate amendment to the planning application will be made in due course.

#### **3.4.4 Primary School & Health Building**

- 3.4.5 Consultation 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 development by 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 with funding through DfE grant confirmed in December 2025.
- 3.4.6 The Council continues its discussions with the NHS North East London Integrated Care Board (ICB) and local healthcare authorities and partners to facilitate the delivery of new health space 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, noting review of health space demand, service model and funding by the ICB.

- 3.4.7 The 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 in which case the space allocation within the scheme would be repurposed for commercial use. The Council and the ICB continue to work in partnership to establish the most effective way to meet with and mitigate 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 2024-2025, affordable housing provision is underpinned by the release of funding through the next tranche of the Homes for Londoners Affordable Homes Programme.
- 3.4.9 Notwithstanding recent GLA announcement of policy amendments to accelerate housing delivery, the Council continues to aspire to maximise affordable housing provision, subject to viability. Accordingly, reserved matters applications for future Phases 2 and 3 may exceed any future policy relaxation of affordable housing provision.

### **3.5 Design Development**

- 3.6 The design team, consisting of leading firms of architects, landscape architects, master-planners, technical experts and engineers, has continued to progress and review the proposals throughout 2025 in accordance with client and planning requirements, underpinned by a design brief and development specification approved by the Board of BCR LLP. Post-planning submission, the scheme has been developed further to respond to design and technical due diligence and in response to emerging regulations.
- 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 three-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 approximately 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 May 2025 submission and August 2025 update to the Strategic Planning Committee, 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
- 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 at RIBA Stage 4 will be informed by a main contractor due to be procured subject to 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 and wider scheme as set out in Appendix A. 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

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

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 As previously highlighted, 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 also 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 stable, 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. Ongoing review of the market for commercial property by BCR LLP agents may provide further opportunities.
- 3.26 As such, the Council and BCR LLP continue to engage with all owners and occupiers of residential and commercial interests on Bridge Close. All residential and commercial property owners have instructed valuations and private treaty discussions are underway, noting that in a substantial number of cases, differing opinions of value serves as a source of delay in reaching agreement.
- 3.27 Significant progress has been made on land acquisition to date with the Council having acquired over 70% of the freehold/long leasehold interests within the order land including approximately 64% of commercial properties acquired and or Heads of Terms agreed. 32 out of a total of 37 residential properties, 87% by area, have been acquired. Further engagement and communication is underway with the remainder of owners and occupiers.
- 3.28 Progress is continuing to be made on private treaty discussions with owners and occupiers of both residential and commercial property. The table below sets out the 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	2.48	1.58	64%
Public & Other Unregistered Land	0.31	0.14	44%
Unregistered Land with Council as Highway Authority	0.46	0.46	100%
<b>Total</b>	<b>3.89</b>	<b>2.74</b>	<b>70%</b>

<sup>1</sup> Freehold interest held in hectares (ha), Ardent Management Limited, 2025. Total area of 3.89 ha corresponds to area within blue line of the Map of the Order Land in Appendix A.

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 amounts to 2.74 ha or 70% of the total area within the Bridge Close due for long-term regeneration.

- 3.29 Havering Islamic Cultural Centre ('HICC') and the London Ambulance Service (LAS) are two significant non-residential properties on the site where discussions are ongoing but where sites have not yet been acquired. Whilst discussions with the HICC focus on concluding an agreement for the relocation of the HICC to a site outside the Bridge Close boundary, discussions with the LAS centre on retaining the ambulance station on site.

**3.30 Romford Ambulance Station**

- 3.31 The site is owned and occupied by the London Ambulance Service ("LAS"). The Scheme, as reflected in the current planning application, retains the existing LAS building onsite during the implementation of Phase 1 save for a small sliver of the site comprising approximately 303 sqm of hardstanding immediately to the north of the ambulance building. The sliver of land is required to facilitate the delivery of the school and an emergency fire access route to the rear of the new school.
- 3.32 Since 2016 the Council have made efforts to acquire the entire freehold interest of the LAS site. Despite LAS and the Council working closely together to identify potential relocation properties, however, a whole site acquisition and relocation to a replacement site has not proved possible, primarily owing to LAS resource constraints.
- 3.33 Accordingly, in order to deliver the Council's regeneration objectives whilst retaining the services provided by the Romford Ambulance Station, the land proposed for development includes the sliver of land only as set out at Appendix A. Private treaty discussions are progressing to reach agreement in advance of any potential making and confirmation of the CPO as set out in separate Cabinet report of 10<sup>th</sup> December 2025.
- 3.34 The sliver of land is presently used to park around 10 ambulance vehicles. In addition, there is a roller shutter door to the rear which, following an acquisition, would no longer function as a secondary access/egress for vehicles. To ensure the existing operational effectiveness of LAS is maintained prior to the acquisition of the sliver, properties next to the LAS site have been acquired and sufficient clear land will be made available to the LAS in perpetuity to ensure the 10 spaces lost are re-provided. Furthermore, appropriate arrangements are in place to ensure meanwhile car parking is provided during construction of the replacement parking facility. Overall, further to technical review, current uses, workflows and access and egress arrangements from the LAS building will remain substantially unaffected by the Scheme and without adverse impact on the response capability and the services provided by the Romford Ambulance Station.
- 3.35 The Council recognises the importance of the services provided by LAS to the local community and has confirmed its commitment to ensure that, with the acquisition of the sliver of land, the existing operational effectiveness of LAS is maintained in perpetuity. The Council notes the LAS estate strategy objective to locate to a larger site elsewhere in Romford in order to facilitate an increase in operational capacity. Equally, the Council's vision for delivery of the comprehensive regeneration of Bridge Close, including LAS land, remains unchanged, leaving open the possibility of entering into private treaty discussions with respect to the remaining LAS land in the fullness of time.

**3.36 Havering Islamic Cultural Centre (HICC)**

- 3.37 The HICC occupies adjoining land and buildings at 91 Waterloo Road and 9 Bridge Close, most of which it uses for religious worship and other cultural and charitable

purposes. Planning policy and CPO Guidance requires that accommodation housing services of the nature provided by the HICC be reinstated on an equivalent basis in circumstances where the HICC property is subject to compulsory acquisition or redevelopment.

- 3.38 The Council and Bridge Close Regeneration LLP have been in discussions with the HICC and its advisors since 2016 over the proposed compulsory acquisition of its land, compensation and its relocation from Bridge Close. These relocation requirements were complex and limited, in that it was considered vital to relocate within Romford town centre to fulfil its purpose, taking into account the importance of maintaining continuity of services provided by HICC to the community.
- 3.39 Discussions continue to be led by BCR LLP and CPO and property advisors, Ardent Management LLP, with a view to identifying a relocation solution that meets with HICC's requirements. This has included consideration of both on and off-site options, although it is recognised that HICC considers an on-site relocation to be unworkable.
- 3.40 An alternative site within Romford Town Centre, which HICC has confirmed as acceptable, has now been identified at 222-226 South Street and the Council is working with HICC to acquire this site. This includes incorporating the site within the boundary of the CPO, see Appendix A, in circumstances where an acquisition could not be agreed by private treaty negotiation therefore requiring the Council to acquire the site through the use of compulsory purchase powers as a means of last resort.
- 3.41 In accordance with CPO Guidance, the Council is required to compensate the HICC for reasonable costs of relocation. Accordingly, and pursuant to professional advice, the Council has agreed to reimburse the HICC for its reasonable costs of progressing a planning application for HICC's new building. Draft heads of terms for an agreement between the Council and HICC are being progressed. The parties are in discussions on compensation for its existing land and accommodation on Bridge Close, and the arrangements for HICC funding any shortfall between its compensation and the cost of re-providing a new facility. A mechanism for substantiating HICC funding arrangements to the reasonable satisfaction of the Council is being progressed. As such, an agreement between the Council and the HICC will be entered into, setting out the terms and conditions governing the relocation of the HICC from its premises on Bridge Close to new accommodation on 222-226 South Street.
- 3.42 The relocation site at 222-226 South Street is currently occupied by a number of tenants whom all hold short-term leases, or leases with break clauses, and vacant possession can be readily obtained, on the understanding that the site will be brought forward for occupation by the HICC in the short term. In accordance with the Guidance, engagement with owners and occupiers is ongoing to inform on Scheme developments and review how the Council may assist affected parties in the circumstances. Furthermore, an Equalities Impact Assessment has been completed in October 2024 and updated in October 2025 to understand and mitigate against differential impacts of the Scheme on members of the community sharing one or more Protected Characteristics.
- 3.43 HICC will only be required to move from its existing premises when the final phase of the Scheme is implemented and the Council and Ardent are working with HICC to ensure that the service it provides to the local community will not be interrupted. As such, the HICC will have the full use of its accommodation on 91 Waterloo Road during the construction of Phases 1, Phase 2 and most of Phase 3, until such time as works on the proposed new accommodation on the relocation site at South Street are complete.



- 3.44 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 3 '25	-	-
Planning Approval / S106	Quarter 1 '25	-	-
Cabinet Make the CPO	Quarter 2 '26	-	-
Commence Main Contractor Selection	Quarter 2 '26	-	-
Public Inquiry	Quarter 1 '27	-	-
Confirmation of CPO	Quarter 2 '27	-	-
Issue General Vesting Declaration (GVD)	Quarter 2 '27	-	-
Vacant Possession	Quarter 3 '27	-	-
Main Contractor – Site Possession Phase 1	Quarter 3 '27	-	-
Planning Application (Phase 2 and Phase 3)	-	Quarter 1 '30	-
Planning Approval (Phase 2 and Phase 3)	-	Quarter 3 '30	-

<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 1 '31	-
Start on Site	Quarter 3 '27	Quarter 1 '31	Quarter 1 '32
New Homes Completed	Quarter 2 '31	Quarter 1 '32	Quarter 3 '34
Final Sales Completed	Quarter 1 '32	Quarter 1 '34	Quarter 1 '36

- 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 2, 2026 and the public inquiry in Quarter 1, 2027, it is anticipated that the CPO may be confirmed by Secretary of State in Quarter 2 of 2027, allowing for vesting declarations to be served and vacant possession to be Quarter 3 in 2027.
- 4.6 With start on site expected in Quarter 3 of 2027, first completions of Phase 1 is anticipated in early 2031 with phased delivery of the scheme to completion in 2034 in accordance with circumstances prevailing at the time.

<b>REASONS AND OPTIONS</b>
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**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 2025-2026 was approved by Cabinet on 5<sup>th</sup> February 2025. The Draft Business Plan for 2026-2027 attached at Appendix B is comprised of 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 and future review mechanisms, 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;
  - Offer 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 completion of the Section 106 agreement pursuant to 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 2025. 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 pre-planning stage of development at which masterplans and design development are being progressed.
- 7.2** Accordingly, the financial model and related budget approved by Cabinet on 5<sup>th</sup> February 2025 has been revised with a minor downward adjustment to the budget as

set out in the Financial Implications and Risks section of the Exempt Agenda report. The downward adjustment is principally a result of a reduction in construction and land assembly cost and related fees arising from a reduction in scope 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, managing, 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. Similarly, management and maintenance of the estate and heat network will fall on estate management and energy service company operators due to be procured over the forecast period.
- 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 2025-2026 was approved by Cabinet on 5<sup>th</sup> February 2025 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 2026-2027 (the Draft Business Plan) set out in Appendix B has been reviewed and recommended for approval by officers. 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, legal advice was obtained to confirm 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 Based on legal advice on the direct delivery strategy approved by Cabinet on 16<sup>th</sup> December 2020, the Council utilised its power to deliver the scheme directly through BCR LLP as a delivery vehicle. It is understood that 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 Further to legal advice, it is understood that 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 Based on external legal advice on Subsidy Control (formerly known as State Aid), it is understood that, 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 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) came into force in February 2025, affecting 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 Under the Equality Act 2010, '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 Equality Impact Assessment for Bridge Close, reported to Cabinet in November 2017, subsequently reviewed in September 2019, November 2021, June 2023, October 2024 and October 2025 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 considered the impact of Scheme proposals on these stakeholders, within the context of the protected characteristics. The Equality Impact Assessment was last reported to Cabinet on 10<sup>th</sup> December 2025 and has not changed since then.
- 10.4 The Equalities Impact Assessments provide that, generally, the redevelopment of the site improves the area over the existing situation, including improving housing quality, urban realm, security, access to jobs, and education provision, all of which may mitigate against potential differential impacts on a number of protected characteristic groups.
- 10.5 At present the properties in the area known as Bridge Close do not reflect a mixed and balanced community, with a heavy bias towards commercial and inappropriate mainly private housing stock. The Scheme proposals seek to address this imbalance through the delivery of a range of residential tenures across the site for example, private housing, a new range of intermediate housing, affordable rent, a wider range of unit sizes across all tenures and 10% of all residential units meeting Wheelchair Standards.



Equally, due regard has been taken when considering design and master-planning principles, and that measures have been included to mitigate against potential differential impacts which may be experienced by some protected characteristic groups.

- 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 continues to work closely with those affected, 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 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 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, including members of the community sharing a Protected Characteristic.
- 10.8 The EqIA of October 2025 concludes the Council has had due regard to its Public Sector Equality Duty under the Equality Act 2010 when considering the impact of the Scheme on residential and commercial owners and occupiers sharing a protected characteristic, and that, where possible, measures have been included to mitigate against potential differential impacts which may be experienced by some protected characteristic groups. In addition to designing and master-planning the Scheme having regard to members of the community sharing a Protected Characteristic, the Council has sought to mitigate against any adverse impacts through a range of measures focused on engagement, rehousing and relocation assistance (for both residents and commercial units) and compensation options in order to realise the benefits associated with the redevelopment.
- 10.9 Officers consider the existing Equality Impact Assessments for Bridge Close, as updated in October 2025, continues to be of relevance to the project and for the purpose of seeking the approval by Cabinet of the BCR LLP Business Plan 2026-2027.

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

- 11.1 The Council is committed to ensuring the health and well-being of its residents. The decision relates to approval of the Bridge Close Regeneration LLP Business Plan

2026-2027 and a related budget, which, if approved and fully implemented, are likely to have health and well-being implications for residents.

- 11.2 In relation to the proposed development arising from the full implementation of the Business Plan, an initial Health Impact Assessment has been undertaken. This indicates that the overall nature of the identified impacts is positive or neutral, including positive impacts on housing provision, mental health and the wellbeing of new residents.
- 11.3 An updated Health Impact Assessment was undertaken in December 2022 in preparation for the submission of the planning application with a further update in September 2024. The Assessment concludes 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. The proposal provides opportunities for employment and business growth; it provides community floor space and contains multiple and well-connected public spaces. The proposed design is characterised by high quality, accessibility and sustainability. As set out in section 10.0 above, there may also 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. Vulnerable groups most likely to be impacted include older people, children, people residing in poor housing conditions, the unemployed or people on low income, people unable to access services, and residents of Islamic faith using the HICC. Those groups would be impacted to varying degrees. Again, a framework of support and compensation is in place to mitigate the impact and a number of recommendations have been proposed or are underway as the scheme is progressed through detailed design, procurement and delivery. In circumstances where construction would be commenced, management plans will be in place to reduce noise, dust and other potential sources of disruption to the local community.
- 11.4 It is anticipated that the longer-term benefits 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.
- 11.5 A further Health Impact Assessment will be carried out for the development prior to the commencement of works, covering the period during and post construction to identify and maximise any positive impacts and also to identify and highlight how measures to mitigate against any negative impacts will be put in place to protect the health and wellbeing of residents during construction.

## **12.0 ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS**

- 12.1 There are no Environmental and Climate Change implications of, or risks relating to, the proposed decision.

**BACKGROUND PAPERS**

None.

**APPENDICES**

**Appendix A**  
**Appendix B**  
**Appendix C**

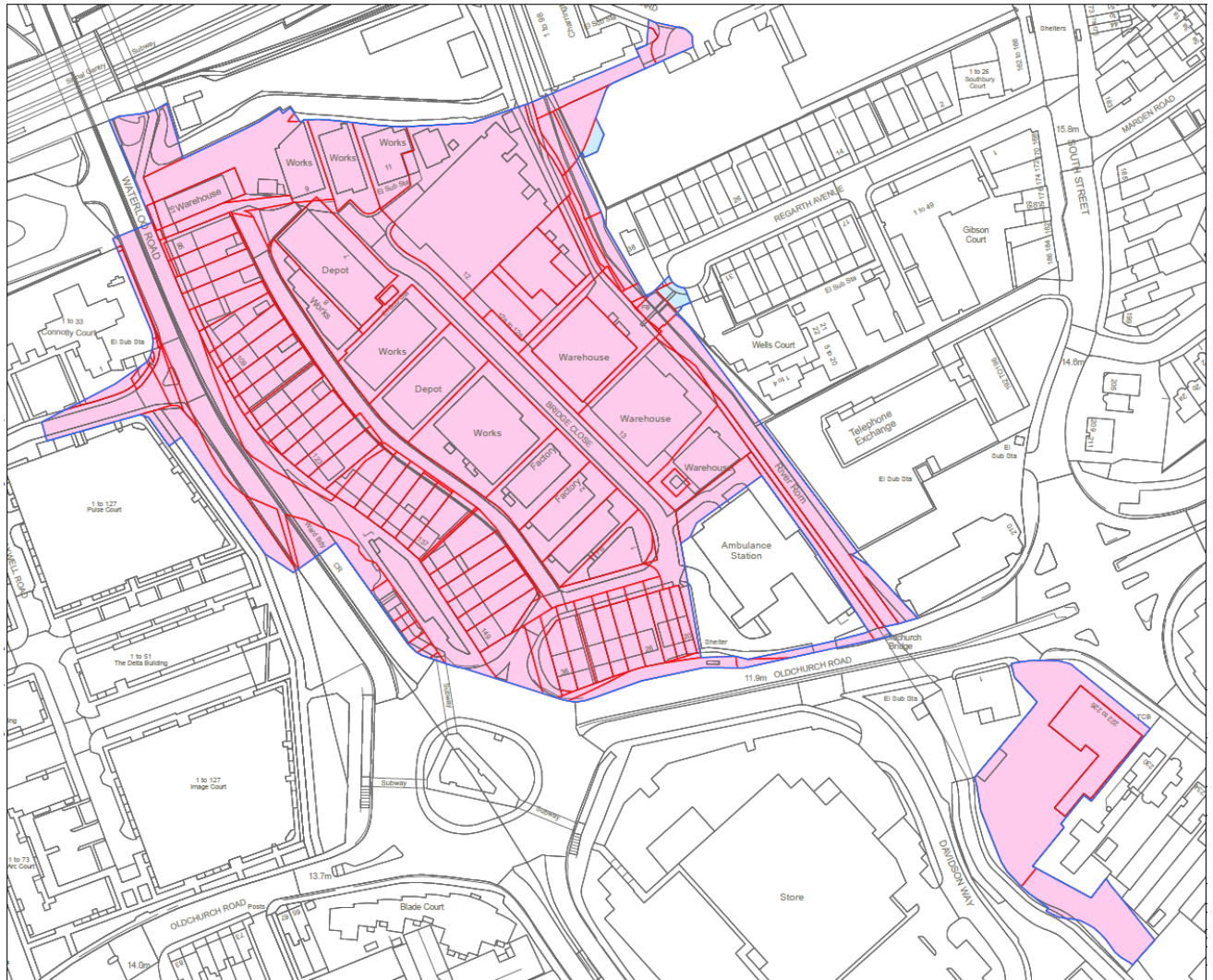
Bridge Close Site Plan and Indicative Boundary Line (PUBLIC)  
Bridge Close Regeneration LLP Business Plan 2026-2027 (EXEMPT)  
Financial Annexes (i) – (ii) (EXEMPT)

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of the Local Government Act 1972.

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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>28<sup>th</sup> January 2026</b>
<b>Subject Heading:</b>	<b>Havering and Wates Regeneration LLP Business Plan and Budget Update 2026/2027</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 2023 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 2027

**Reviewing OSC:**

Place 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.

<b>SUMMARY</b>
----------------

This report provides an update on the 12 Estates Regeneration Programme. Financial data within this paper utilises the most current information available, for the purpose of informing the HRA Business Plan refresh.

This update outlines the latest position on:

**Work Package One**

- Park Rise - Completion, sales, and marketing.
- Waterloo & Queen Street – update on scheme phasing and viability.

**Work Package Two**

- Chippenham Road – design development, planning submission and demolition of Phase 1
- Farnham & Hildene – Planning update, 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 House
4. Dell Court
5. Brunswick Court
6. Royal Jubilee Court

<b>RECOMMENDATIONS</b>
------------------------

Cabinet approval is sought to:

1. Approve the Havering/Wates JV LLP Business Plan for 2026/27
2. Delegate authority to the Strategic Director of Place, in consultation with the Cabinet Member for Development and Regeneration, to enter into Pre-Construction Services Agreements (PCSAs), where appropriate, for relevant regeneration schemes once the necessary land, funding and planning requirements are in place. This will enable design development, surveys and contractor pricing to progress within approved budgets ahead of subsequent main contract awards
3. Delegate authority to the Strategic Director of Place, in consultation with the Cabinet Member for Development and Regeneration, to enter an overarching framework contract to facilitate early contractual arrangements necessary to support programme delivery.
4. Delegate authority to the Strategic Director of Place, in consultation with the Cabinet Member for Development and Regeneration, to enter a demolition contract for Phase 1 of the Farnham and Hildene regeneration, where appropriate, within the approved budget and subject to completion of land assembly.
5. Delegate authority to the Strategic Director of Place, in consultation with the Strategic Director of Resources and Cabinet Member for Development & Regeneration, to progress any land appropriation required to support delivery of the regeneration programme, including appropriation between the Housing Revenue Account and the General Fund for planning purposes, where appropriate. This delegation builds on prior Cabinet authority for land appropriation under the Havering and Wates Regeneration LLP Business Plan (Cabinet 12 February 2020 and Cabinet 8 February 2023).
6. Delegate authority to the Strategic Director of Place, in consultation with the Deputy Director of Legal Services, Strategic Director of Resources and Cabinet Member for Development & Regeneration, to agree terms and acquire all outstanding property interests required for the scheme, including progression of the proposed land swap with St Andrew's Church Hall as set out in paragraph 2.3. This authority extends to acquisition by private treaty or, where necessary, through the approved Compulsory Purchase Order, and to taking all legal and procedural steps needed to secure vacant possession.
7. Delegate authority to the Strategic Director of Place, in consultation with the Strategic Director of Resources and Cabinet Member for Development & Regeneration, to prepare, submit, accept, and utilise external grant-funding bids, and to enter into any related funding or forward-funding agreements



required to support delivery of the Havering and Wates Regeneration LLP programme and the wider 12 Sites regeneration programme, provided such agreements remain within previously approved budgets.

8. Note the updated viability assessments and financial implications set out within the Havering and Wates Regeneration LLP Business Plan 2026/27, and delegate authority to the Strategic Director of Place, in consultation with the Strategic Director of Resources, to make adjustments within approved Cabinet budgets as required to maintain programme viability, with any material variances brought back to Cabinet for consideration.
9. Note that work on the later phases (i.e. beyond Work Package 2) is currently paused and likely to remain so over the next 12 months, as referenced in Paragraph 4 of this report

<b>REPORT DETAIL</b>
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## **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 Council retains the right to acquire affordable housing delivered through the Joint Venture at a pre-agreed value. These homes 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 in 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 or let each scheme to achieve the best value possible for both partners.

In February 2025, Cabinet received and approved the sixth review of the Joint Venture's Business Plan. That review reflected updated market and cost assumptions, incorporating revised site development appraisals validated by the Joint Venture's employer's agent. The 2025/26 Business Plan outlined continued progress across the programme, including completion of construction at Park Rise, advancement of the Waterloo and Queen Street modular homes scheme, and ongoing design development at Chippenham Road and Farnham and Hildene.

The 2026/27 Business Plan now builds on that position, updating the financial and delivery forecasts to reflect progress on land assembly, appropriation, and forthcoming Pre-Construction Services Agreements (PCSAs). It also includes provision for entering an overarching framework contract to support delivery of future phases, together with the planned grant draw-down in March 2026 to maintain programme viability and alignment with funding milestones.

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

### **2.1 Work Package 1**

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

The later-living scheme reached practical completion in January 2024 and is performing well under the hybrid management model led by the Housing team and Churchill Estate Management. A new Sales Agent has recently been appointed to strengthen sales and marketing activity. Sales performance remains steady for the later-living market. To date, 16 homes have completed and a further 10 are under offer.

#### **2.3 Waterloo and Queen Street**

To maintain momentum on the Waterloo and Queen Street project and respond to updated building safety requirements, the Council and its partner are progressing Blocks 9 and 10 as the initial phase of development. These blocks will deliver approximately 109 new affordable homes and, being under 18 metres in height, are not affected by the new second staircase requirement. This enables them to advance more quickly through planning and building control. Outline planning permission is in place and Reserved Matters applications have now been submitted, allowing detailed design, technical approvals and pre-construction work to progress in parallel. This approach also provides time to update the strategy for later phases in line with emerging Building Safety Regulator guidance.

In parallel, the modular housing scheme forming part of the meanwhile use on the site has advanced significantly. The Joint Venture has entered into contract with the modular provider, manufacturing of the units has commenced, and early works on site are now under way to prepare the area for installation. The design has continued to develop to ensure seamless integration with future phases of the wider redevelopment. These high-quality temporary homes will support local households and maintain an active presence on the site ahead of the main construction phase, helping to improve safety and reduce anti-social behaviour in the surrounding area. Together, these early phases maintain programme momentum, bring forward new affordable homes at the earliest opportunity, make effective use of GLA funding already secured, and allow partners time to refine the approach to subsequent phases of the scheme. The following tables set out the proposed mix for Blocks 9 and 10.

The Council is progressing the proposed land swap arrangement with St Andrews Church in relation to the Waterloo and Queen Street scheme. Further details, including the final terms and required approvals, will be presented to Cabinet in early 2026 through an Executive Decision.

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

### 3. Progress - Work Package 2

#### 3.1 Chippenham Road

Since the last Business Plan update in February 2025, the Chippenham Road scheme has progressed through detailed design development, resident engagement and the pre-application process. A planning application was submitted in September 2024 and planning permission has now been secured. Vacant possession has been achieved for the majority of the site, although a small number of interests remain outstanding. To complete land assembly, the Council has proposed the making of a Compulsory Purchase Order, which has been approved by Cabinet.

Demolition of the existing buildings in phase 1 has now been completed, and the project team is progressing the steps required to move into the delivery phase. The scheme is on track to enter into contract in March 2026, enabling a meaningful start on site in line with the programme.

The Chippenham Road development will deliver 138 new affordable homes, supporting the Council's commitment to providing high-quality housing for local people.

### **3.2 Farnham and Hildene District Centre**

The district centre remains a key hub for Harold Hill, providing essential retail and community facilities, including Harold Hill Library. Its renewal is central to the wider regeneration of the area.

Since the last update, the scheme has progressed through extensive resident and business engagement, supported by a comprehensive programme of pre-application discussions with the Local Planning Authority. Planning resolution to grant has now been secured, and work is under way to finalise the Section 106 Agreement.

Design refinement and value optimisation continue to ensure the scheme remains deliverable within programme and budget parameters. Phase 1 is being advanced as the first development block, supported by ongoing residential and commercial decant activity. The phased delivery approach enables the Council to manage the compensatory and rental income impacts associated with relocating existing commercial occupiers in a controlled and financially manageable way.

Notably, the redevelopment proposals secured an overwhelmingly positive outcome in the recent resident ballot, with 96.3 per cent of respondents voting in favour. This result demonstrates strong community backing and reinforces the confidence of the Greater London Authority (GLA) a key funding partner in the scheme.

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 House
- 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 and Work Package 2 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 9 review
New Green	77.7%	100.0%
Park Rise	25.8%	76.6%
WQS	38.5%	39.6%
<b>WP1 Total</b>	<b>41.3%</b>	<b>50.1%</b>
<b>WP2 Total</b>		<b>100%</b>
<b>Chippenham Road Phase 1</b>	n/a	100%
<b>Farnham and Hildene Phase 1</b>	n/a	100%

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>

Table 4 below shows bed-size need for the people on the housing register:

**Table 4: Bed-size need September 2025**

Bed- size need	1	2A	2B	2C	3	Total
<b>1</b>	105	146	85	33	550	919
<b>2</b>	42	153	53	62	632	942

<b>3</b>	36	350	6	178	543	1113
<b>4</b>	14	79	0	61	141	295
<b>5</b>	5	17	0	12	29	63
<b>6</b>	0	1	0	0	3	4
<b>Total</b>	202	746	144	346	1898	3336

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 Work Package 2.

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 5 below shows planning and development milestones for the sites in WP1 and WP2 that have been progressed since the last business plan as well as a forecast for the remaining sites in the 12 sites programme.

**Table 5: Key Milestones**

	<b>Submission of Planning Application</b>	<b>Resolution to Grant</b>	<b>Start On Site</b>	<b>1st Completions</b>	<b>Site Completions</b>
	<b>Work Package One</b>				
New Green	May-2019	November-2019	March 2020	December-2022	March-2023
Park Rise	December-2019	June-2020	April 2021	October-2023	January-2024
Waterloo and Queen Street Estate Blocks 9 and 10	June-2020	June-2021	July- 2026	July- 2028	July- 2028
Waterloo and Queen Street Modular Homes	February- 2025	May -2025	November- 2025	February - 2026	April - 2026
Waterloo and Queen Street Estate (All phases)	June-2020	June-2021	TBC	TBC	2035
	<b>Work Package Two</b>				

Chippenham Rd	August- 2024	August- 2025	March- 2026	December- 2027	March-2028
Farnham and Hildene Phases 1 to 4	Feb -2025	November- 2025	March- 2026	March - 2028	May - 2033
<b>Work Package Three and Four</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

Where appropriate, acquired vacant units continue to be used for temporary accommodation prior to redevelopment. This supports the Council's response to homelessness pressures and helps reduce associated costs to the General Fund. Progress on land assembly also continues, with the majority of interests now secured and the remaining interests being advanced through the agreed acquisition route, including use of the approved Compulsory Purchase Order where required. This approach enables continued movement toward vacant possession to support programme delivery.

**Table 6: 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 <b>Complete*</b>	87	10	126	71	0	0	0	197	100%
Park Rise <b>Complete*</b>	55	0	80	54	0	41	0	175	77%
Waterloo Estate (and Queen Street)	202	71	348	219	0	813	0	1380	41%
Waterloo Estate (and Queen Street) Temporary Modular Housing								18	100%
Work Package Two									
Chippenham Road	20	12	118	0	0	0	20	138	100%
Farnham and Hilldene (Phase 1)	90	27	104	0	0	0	0	481**	100%
<b>Subtotal</b>	<b>454</b>	<b>120</b>	<b>776</b>	<b>344</b>	<b>0</b>	<b>854</b>	<b>20</b>	<b>2,389</b>	<b>57%</b>
*This may be varied to provide fewer, but larger units									
** Subject to review of later phases									
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%
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>3,266</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

Based on the 3,266 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 7 below:

**Table 7: Affordable estimated change**

	<b>Previous</b>	<b>Planned</b>	<b>Change</b>
Total number of homes	991	3,266	+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

In 2025, the JV delivered a range of meaningful social value initiatives across Havering, strengthening partnerships with New City College (NCC), Local London, and STC Group. Through these collaborations, the JV supported the delivery of high-quality Careers Information, Advice, and Guidance (CIAG)

sessions to more than 100 local students, promoting pathways into the construction industry and inspiring future talent.

The JV's engagement with NCC College and STC Group also championed apprenticeships and employment opportunities linked to forthcoming projects, ensuring that local residents are aware of accessible training and career routes.

The Council remains committed to delivering tangible benefits for the local community. The JV has continued its collaboration with local small and medium enterprises, supporting local economic growth while creating employment, apprenticeships, and work-experience opportunities for Havering residents.

In addition to educational activity, the JV supported tangible community benefits, including volunteering during Community and Conservation Week, where staff assisted with restoring and cleaning the residents' community garden at Waterloo and Queen Street.

Looking ahead, the JV is developing a new partnership with Rollalong and St Edward's School to connect students with careers in modular construction. This programme will include an exclusive site visit in 2026 for students to observe the delivery of modular units, showcasing innovation and linking classroom learning with real-world experience.

## **8.0 Financial Review**

- 8.1** Phase 1 of WQS will now comprise Blocks 9 and 10 and will be 100% affordable, including 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 107 new homes.
- 8.3** Work Package 1 (New Green and Park Rise) Practical completion was achieved at the end of January 2024. The scheme continues to perform well, with affordable rented homes fully occupied, including 14 right-to-return households. A new local Sales Agent has been appointed to strengthen sales and marketing activity. To date, 16 homes have completed and a further 10 are under offer, reflecting steady interest in line with the later-living market.
- 8.4** Work Package 2, Chippenham Road – Design and planning work has continued to progress, with planning permission now secured. Demolition of the existing buildings in Phase 1 has been completed, and the remaining land assembly activities are being progressed through the agreed route. The scheme will deliver 138 new homes, and the latest budget position is supported by independent cost consultancy advice. The project remains on track to enter into contract in March 2026, enabling a meaningful start on site in line with the programme.

- 8.5** Work Package 2, Farnham and Hildene – Planning permission has now been secured, and work is under way to finalise the Section 106 Agreement. Updated cost and revenue assessments have been completed to reflect current construction inflation and wider market conditions.
- 8.6** To manage financial risk and support deliverability, the scheme will be implemented in phases. Phase 1 will form the initial commitment, delivering 104 affordable homes and commercial units. Each subsequent phase will be reviewed and supported by a detailed business case, ensuring the approach remains financially robust. This phased strategy also helps manage the revenue challenges associated with the retail decant programme, allowing commercial relocations to be sequenced in a controlled and sustainable way.
- 8.7** Work Packages 3 & 4, (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:**

**11.1** A detailed financial assessment is provided alongside the updated HWR Business Plan set out in exempt Appendix 1.

**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, 2023, 2024 and 2025 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 Equality Impact Assessment (EqIA) for the 12 Estates Programme (2024/2025) identified a range of equalities considerations, opportunities and potential risks associated with the regeneration proposals. Since its publication, the Council has taken these recommendations on board and has implemented a series of actions to ensure that equality impacts are fully understood and mitigated throughout the Programme.

In particular, the Council has:

- Established early and ongoing engagement with residents across all 12 estates, including those in Phase 1 where construction activity is already under way, to ensure that the needs and circumstances of residents and businesses are clearly understood and that any potential risks are addressed.
- Maintained up-to-date records of resident needs, with specific discussions held with vulnerable residents to identify and provide appropriate support, including assistance with temporary accommodation arrangements during demolition phases.
- Strengthened communication processes so that residents, operators and community-facility users receive clear, accessible and timely information about construction activity before, during and after each stage. Mechanisms have been put in place to enable residents to provide feedback in ways that are suitable for them.
- Embedded a requirement for equality impacts to be reviewed at key decision stages throughout the long lifecycle of the Programme, including the preparation of site-specific EqIAs where relevant.

The EqIA also identified significant opportunities for positive equality outcomes, which the regeneration programme continues to advance. These include:

- Increased delivery of affordable and accessible homes.
- New employment opportunities for local residents.
- Improved public realm and community facilities, supporting stronger social cohesion.
- Enhanced accessibility through new active-travel infrastructure.

- Expanded opportunities for local businesses through the provision of new commercial space.
- Improved perceptions of safety and actual safety across the estates.

The Council remains committed to improving the quality of life for all residents, including those with protected characteristics such as gender reassignment, and continues to support wider social and economic growth through the Programme.

**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.
- 15.6** 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 1 - Financial and Legal Implications & Risks.
- Exempt Annex 1A- Spend Review
- Exempt Appendix 2 Havering Wates LLP Business Case

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Appendix 5 to this report is exempt by virtue of paragraph 3 of the Access to Information Procedure Rules set out in the Constitution pursuant to Schedule 12A Local Government Act 1972, as amended in that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information). The public interest in maintaining the exemption outweighs the public interest in disclosing the information.

<b>CABINET</b>	
<b>28<sup>th</sup> January 2026</b>	
<b>Subject Heading:</b>	<b>HRA Business Plan update, Budget 2026/27 &amp; Capital Programme 2026/27–2030/31</b>
<b>Cabinet Member</b>	Councillor Paul McGeary Lead Member for Housing and Property
<b>ELT Lead:</b>	Neil Stubbings Strategic Director of Place <a href="mailto:Neil.Stubbings@haverling.gov.uk">Neil.Stubbings@haverling.gov.uk</a>  Kathy Freeman Strategic Director of Resources <a href="mailto:Kathy.Freeman@haverling.gov.uk">Kathy.Freeman@haverling.gov.uk</a>
<b>Report Author and contact details:</b>	Paul Walker Interim Director of Housing and Property <a href="mailto:Paul.Walker@haverling.gov.uk">Paul.Walker@haverling.gov.uk</a>  Patrick Odling-Smee Director of Living Well <a href="mailto:Partick.Odling-Smee@haverling.gov.uk">Partick.Odling-Smee@haverling.gov.uk</a>  Ian Saxby Assistant Director of Housing, Property & Assets <a href="mailto:Ian.Saxby@haverling.gov.uk">Ian.Saxby@haverling.gov.uk</a>  Katri Wilson Assistant Director of Housing Operations <a href="mailto:Katri.Wilson@haverling.gov.uk">Katri.Wilson@haverling.gov.uk</a>  Martin Fahy Strategic Finance Business Partner <a href="mailto:martin.fahy@haverling.gov.uk">martin.fahy@haverling.gov.uk</a>  John Price Finance Business Partner <a href="mailto:J.price@haverling.gov.uk">J.price@haverling.gov.uk</a>

	<p>Makeda Mahoney Senior Financial Accountant <a href="mailto:Makeda.mahoney@havering.gov.uk">Makeda.mahoney@havering.gov.uk</a></p>
<b>Policy context:</b>	<p>This report presents the HRA Budget recommendations for agreement by Cabinet and recommendations on to Council for consideration and approval.</p>
<b>Financial summary:</b>	<p>The Council is required to set an annual HRA Revenue Budget for 2026/27 and the assumptions contained in this report will form part of the Council's overall budget setting process for 2026/27. This report includes recommendations to agree the HRA revenue budget, including the rents and other charges, the HRA Major Works Capital Programme, detailed in Appendix 1a and the Business Plan projections as outlined in Appendix 2a and 2b.</p>
<b>Is this a Key Decision?</b>	<p>Yes</p>
<b>Is this a Strategic Decision?</b>	<p>Yes</p>
<b>When should this matter be reviewed?</b>	<p>November 2026</p>
<b>Reviewing OSC</b>	<p>Places and Overview Sub-Committee</p>

<b>SUMMARY</b>
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This report sets a budget for the Council's Housing Revenue Account (HRA) and HRA Major Works and Capital Programme. Cabinet approved the Housing Asset Management Plan 2021-2051 in October 2021 and the budgets and projections of expenditure required to maintain the stock to a good standard have been used in the preparation of the capital programme in this report. A summary is provided of the HRA Business Plan 2025/26-2054/55.

The HRA is a ring-fenced account that is used to manage and maintain the Council's own housing stock. The Council is legally required to set a balanced budget. The proposed budget will enable the Council to manage and maintain the housing stock to a good standard and provide funding for an appropriate acquisition, new build and estate regeneration programme. It further sets rents, service charges and other charges for Council tenants and leaseholders for the year 2026/27.

As part of the new regulatory framework for local government housing services, councils are now subject to the Regulator of Social Housing's (RSH) Rent Standard. This has introduced the CPI + 1% increase arrangement, based on the published rate for September 2025 making an increase for 2026/27 of 4.8%. This is the standard rent increase that the Government expects all councils with social housing to apply.

In order to change any HRA rent liability, the local authority must notify tenants and give 28 days' notice of any change after the authority has made a properly constituted decision of that change. This means that, following a Cabinet decision on rent levels to be charged in any year, the local authority must write to all tenants to advise them of the new rent liability for the following 12 months.

Should the Cabinet approve the recommendations, a notification will be sent to tenants the first week of March 2026, to make the new charge effective from the first week of April 2026.

## **RECOMMENDATIONS**

That Cabinet:

- 1 Approve the Housing Revenue Account Budget as detailed in paragraph 3.5.
- 2 Agree that the rents chargeable for tenants in general needs Council properties owned by the London Borough of Havering be increased by 4.8% from the week commencing 6<sup>th</sup> April 2026.
- 3 Agree that the rents chargeable for tenants in supported housing Council properties, such as sheltered housing and hostels, owned by the London Borough of Havering, are increased by 4.8% from the week commencing 6<sup>th</sup> April 2026.
- 4 Agree that the rents chargeable for existing occupants of temporary accommodation are increased by 4.8% from the week commencing the 6<sup>th</sup> April 2026.
- 5 To note the full annual rental charge will be billed over 48 weeks of the financial year and to agree the four weeks when rents will not be collected during 2026/27 are: the week commencing of 24<sup>th</sup> August 2026; 14<sup>th</sup> December 2026; 21<sup>st</sup> December 2026 and 29<sup>h</sup> March 2027.
- 6 Agree that service charges and heating and hot water charges for 2026/27 are as set out in Section 2 of this report.
- 7 Agree that charges for garages should be increased by 4.8% in 2026/27 as detailed in Section 2 of this report.
- 8 Agree that the service charge for the provision of intensive housing management support in sheltered housing for 2026/27 shall be as detailed in Section 2 of this report.
- 9 Agree the Supported Housing Charge for HRA Hostels as detailed in Section 2 of this report.
- 10 Agree that the rent charge to shared ownership leaseholders is increased in line with current lease conditions as detailed in Section 2 of this report relating to income.
- 11 Agree that the Care-line and Telecare support charge should be increased by 4.8% for 2026/27 as detailed in Section 2 of this report relating to income.
- 12 Approve the HRA Major Works Capital Programme, as detailed in Appendix 1a of this report and refer it to full Council for final ratification.
- 13 Approve the HRA Capital expenditure and financing for the 12 Estates Joint Venture and other acquisition and regeneration opportunities as detailed in Section 4.3 – 4.16 and Appendix 1b of this report and refer it to Full Council for final ratification.

## REPORT DETAIL

### 1. BACKGROUND

- 1.1 This report sets out what HRA income the Council has available to spend on housing, the current HRA financial position and the proposed spending plans for 2026/27.
- 1.2 Recently there have been a number of important social housing regulation changes in the UK focusing heavily on the Social Housing (Regulation) Act 2023. This strengthens the Regulator's power and has introduced proactive consumer standards, enhancing tenant rights (Awaab's Law for damp/mould), and improving transparency via Tenant Satisfaction Measures (TSMs). Other key areas include updating the Decent Homes Standard, introducing minimum energy efficiency rules, and recent (2025) moves like the Renters' Rights Act to ban rental bidding, all aiming for safer, fairer, and higher-quality housing in the private housing sector and to strengthen local authority enforcement in the private rented housing sector.
- 1.3 One of the most significant recent changes has been the Social Housing (Regulation) Act 2023. This gives the Regulator of Social Housing (RSH) stronger powers for proactive inspections and enforcement, with new consumer standards and a focus on competence and conduct.
- 1.4 Awaab's Law, part of the 2023 Act, mandates swift action on damp and mould in social homes, setting strict deadlines for landlords to fix hazards. In addition to this, Tenant Satisfaction Measures (TSMs) were introduced to provide tenants with better data on landlord performance, increasing transparency and accountability.
- 1.5 The Building Safety Act 2022, continues to shape requirements, focusing on building safety, especially for high-rise buildings, with further regulations rolling out.
- 1.6 The Decent Homes Standard is currently being reviewed by the Government who are aiming to update the standard for social housing to reflect modern needs. This work is ongoing, but once agreed, may have a number of long-term implications.
- 1.7 The Renters' Rights Act 2025, is a landmark act banning rental bidding (where agents or landlords invite offers above the advertised rent), requiring fixed asking rents and strengthening tenant rights more broadly in the private rented housing sector.
- 1.8 Earlier in the year, the Government launched a consultation on rent convergence, which would equalize historical differences in rents over time. This could provide additional income to the HRA, if the Council were minded to introduce it. The Government's response to the consultation is not expected until sometime in January. It is presumed that this will be a matter to be considered within next year's HRA Business Plan.
- 1.9 The Council recognises that there is a need for good quality affordable homes, especially for vulnerable residents such as the elderly, those on low income and first-time buyers, and has set out its ambition to meet these needs by using resources generated through the Housing Revenue Account Business Plan. The formula for setting social rent should enable registered providers, including councils, to set rents at a level that allows them to meet their obligations to their tenants, maintain their

stock, to at least Decent Homes Standard, and continue to function as financially viable organisations.

1.10 There are many influences on the resources available to the HRA. These are all identified and quantified within the HRA Business Plan (HRA BP). The Business Plan is composed of various income and expenditure lines. Some of the lines are under the complete control of the Council, whilst some are affected by market conditions, government policy and legislation.

1.11 The lines in the business plan that have a direct impact on the income into the HRA Business Plan include:

- Rent policy including supported housing rents.
- Service charge recovery.

1.12 The elements which affect the levels of expenditure in the HRA Business Plan include:

- Planned maintenance to existing stock.
- Responsive repairs and compliance costs to existing stock.
- Delivery of new build homes.
- Staffing costs.
- Financing costs of the borrowing in the HRA and interest rates.
- Losses from bad debts, voids etc.

1.13 The Building Safety Act 2022 impacts on the HRA are:

- Building Safety and maintaining homes:
  - A strengthened role of the existing Regulator of Social Housing (RSH) in consumer regulation and safety with links to the new Building Safety Regulator.
  - Social landlords must identify a 'nominated person' responsible for Health & Safety; the 'nominated person' is the London Borough of Havering.
  - Requirement to register high rise blocks and to maintain data relating to the construction and maintenance of buildings.
  - New blocks over six storeys or 18m in height must have dual stair cores to facilitate both means of escape and access for the fire brigade.

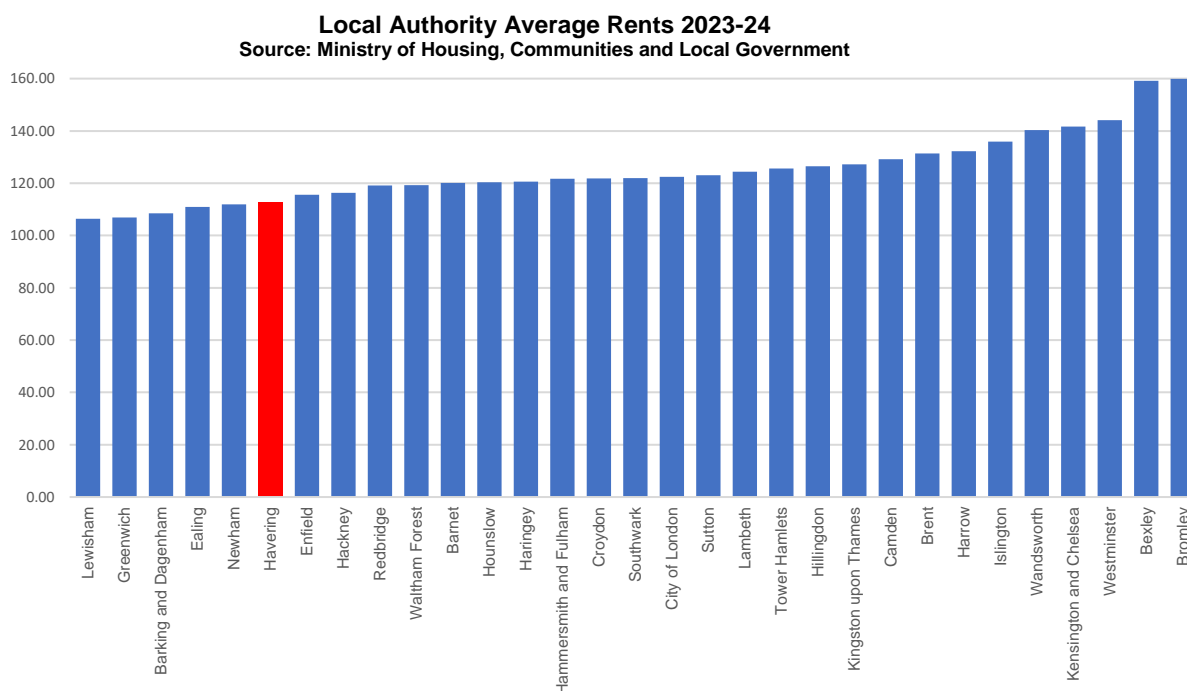
## **2. INCOME**

### **2.1 Rents**

2.2 From 2026/27 the Government has decided that rents follow the rent setting formula of up to CPI +1%, which is intended to apply for 10 years. This provided certainty for rents in council housing up to 2036. The Council does have discretion to set a lower rent however, due to the significant strain on costs on the HRA next year it is recommended to implement the maximum increase allowed. The analysis of the Business Plan in Section 7 demonstrates that given the inflationary impact on building and maintenance costs, and the likely salaries increases, the proposed rent increase keeps the HRA in balance within the performance measures.

2.3 The four-year mandated 1% reduction (2016/17 to 2019/20), combined with the 7% cap on 2023/24 rent increases, has constrained annual rental income by 19.6% compared to a scenario where rents had continued to rise at CPI + 1%. This has resulted in an annual shortfall of £12.8 million and a cumulative shortfall of approximately £86.9m to date, significantly limiting the HRA's ability to maintain existing housing stock and expand new housing supply. To illustrate, this lost revenue could have funded at least 1,000 new affordable homes, alleviating homelessness pressures in the borough and General Fund finances.

2.4 Following the implementation of Universal Credit a new social housing rents cap at Local Housing Allowance (LHA) levels was introduced in 2019/20 to replace "limit rents". In Havering, given the historically low level of council rents, the LHA levels for each bedroom size are above the proposed levels of the 2026/27 social rents and so there is no impact on the HRA BP. Future announcements on LHA levels may have a future impact and this will be kept under review and reported annually as part of the rent setting report. The table below shows the Havering rent levels compared to other London boroughs in 2023/24 (the latest year for which data is available).



2.5 The Table shows that Havering Council rents are some of the lowest in London compared to other councils as well as being significantly lower than housing associations rents.

2.6 The 2026/27 average weekly rent, applying the 4.8% increase to all General Needs properties and Sheltered Housing units, is £146.47. Individually, the average weekly rent for the general needs properties is £148.58 and £131.00 for the sheltered housing.

Bedroom Size	Average Rent 2025/26 (48 Weeks)	Average Rent 2026/27 (48 Weeks)	Weekly Rise	Increase %
Bedsit	102.53	107.45	4.92	4.8%
1 Bed	119.73	125.48	5.75	4.8%
2 Bed	139.79	146.50	6.71	4.8%
3 Bed	159.86	167.53	7.67	4.8%
4 Bed	206.94	216.87	9.93	4.8%
5 Bed	201.61	211.29	9.68	4.8%
<b>Blended Average</b>	<b>139.76</b>	<b>146.47</b>	<b>6.71</b>	<b>4.8%</b>

- 2.7 The rent charged to hostel residents will be increased in line with general needs rents for 2026/27 of 4.8%.
- 2.8 That the rents for those in temporary accommodation will be increased in line with the rents for general needs properties for 2026/27 of 4.8%.
- 2.9 Council properties designated as temporary accommodation are not subject to the Regulator of Social Housing's Rent Standard. Given this, the Council could set a rent level for this type of property at up to 90% of the 2011 Local Housing Allowance. Westminster City Council are currently evaluating whether this is something that they would find appropriate in their circumstances. This is also something that Havering officers intend to review over the coming months.
- 2.10 Shared ownership leaseholders pay rent for the proportion of the equity of the property that they do not own. The lease stipulates that the increase is in line with the retail price index plus 0.5% (RPI). Changes to the shared ownership lease introduced by the government, to limit the increase to CPI, will affect new leases only.

## 2.11 Garages

- 2.12 It is proposed to increase the level of charges for garages in 2026/27 by 4.8%. We have recently made investment to improve the quality of our garage stock.

## 2.13 Service charges

Service Charges	2025/26 Weekly charge (£)	2026/27 Weekly charge (£)
Caretaking	4.72	4.97
Internal Block Cleaning	5.02	5.38
Bulk Refuse Collection	1.02	1.05
Housing Enforcement Services	1.23	1.33
Door Entry	0.40	0.84
Grounds Maintenance	5.25	5.08
TV access	2.09	0.24



**2.14 Caretaking, Internal Block Cleaning & Bulk Refuse Collection**

- 2.15 There is an increase in the cost-of-service charges payable for the provision of this service of just over 6%, This is because of the increase in service delivery costs. The weekly increase in the cost of all three services combined is £0.66.

**2.16 Enforcement Services**

- 2.17 The Housing Enforcement costs have increased by 8%. Due to the increasing costs of delivering the service. This charge has been frozen at zero and held down previously, but it is no longer justifiable to continue with this approach as these costs are rechargeable.

Tenants and leaseholders will still benefit from not paying the CCTV Service charge, which was previously charged at £1.70 per week (Static) and £0.70 per week (Mobile).

**2.18 Door Entry and TV Access**

- 2.19 We now have a new contract with Mears to maintain door entry and TV Access across the borough. This has resulted in an overall saving from 2025/26 where the combined cost of these elements was £2.49 per week. This has been reduced to £1.08 per week, resulting in a net saving of £1.41 per week. We are also starting a programme of door entry system replacements which will commence early next year.

**2.20 Grounds Maintenance**

- 2.21 A proportion of this service is being completed in-house by our Estate Management Team, which has reduced the cost of this contract. This has resulted in a 3% reduction in service delivery costs.

**2.22 Communal Electricity**

- 2.23 Charges from April 2026 will be made based on the consumption at individual blocks in the previous calendar year. The price charged per kWh will be in line with the price cap set by OFGEM. The communal electricity charge is fully recoverable through Housing Benefit and Universal Credit.

**2.24 Heating & Hot Water Charges**

- 2.25 LBH is part of a consortium of 25 local authorities which enables the Council to continue to deliver considerable efficiencies and cost savings for our residents in the current volatile market conditions.
- 2.26 Where communal heating systems are in place, charges for heating and hot water will be made based on the consumption at individual blocks and schemes in the previous calendar year. From April 2026, prices per kWh will be calculated in accordance with the domestic price cap set by OFGEM.

## **2.27 Sheltered Cleaning and Intensive Housing Management Charge**

- 2.28 Charges for cleaning sheltered schemes reflect the actual costs of providing the cleaning service at each scheme. The average charge per week, for 2025/26, will increase by 4% to between £7.33 and £13.09, depending in which scheme the tenant is resident.
- 2.29 The cost of providing a consistent level of intensive housing management (IHMS) across all schemes will be £22.49 per week, an increase of £0.84.
- 2.30 The charge for cleaning and IHMS is fully recoverable through Housing Benefit and Universal Credit.

## **2.31 Service charges – Careline and Telecare support**

- 2.32 It is proposed that the Careline and Telecare service charges will be increased by 4.8%, for 2026/27 as detailed below:

<b>Service</b>	<b>2025/26 Weekly charge (£)</b>	<b>2026/27 Weekly charge (£)</b>
Careline – sheltered tenants	6.26	6.56
Careline – community users	6.69	7.01

<b>Service</b>	<b>2025/26 Weekly charge (£)</b>	<b>2026/27 Weekly charge (£)</b>
Telecare – base unit plus two sensors	9.71	10.17
Additional Telecare sensor	1.60	1.68

- 2.33 The number of Telecare users has declined slightly due to Adult Social Care charging policy changes, which has increased the number of social care clients being asked to meet the full cost.
- 2.34 Through the national, digital switchover the existing Telecare machines are being replaced with digital ones. It was agreed that any costs incurred for this capital outlay will be recovered from service users over a 5.5 year period, at £1 per week.

## **2.35 Hostels in the HRA**

- 2.36 Abercrombie House closed in April 2023, and a temporary hostel provision opened in Maygreen pending the redevelopment of the Harold Hill site. Due to the current cost of living crisis and the impact it has had on homelessness, an additional interim provision was made at Royal Jubilee Court to meet the increasing homeless demand, which includes families.
- 2.37 Completion of the new 74-unit Family Welcome Centre is expected to be in May 2026. The budget includes provision for additional staff to run this facility. We anticipate being able to on-board new tenants from late spring 2026.
- 2.38 The service provides security and facilities across all sites with 24-hour coverage.

## 2.39 Additional Hostel Support

Service	2025/26 Weekly Charge (£)	2026/27 Weekly Charge (£)
Hostels - Additional Staffing Support (ASS)	43.95	54.94
Hostels – Service Charges (HSC)	79.97	73.12

## 3. THE HRA BUDGET 2025/26

- 3.1 The major expenditure from the HRA Business Plan is investment in existing stock or the capital programme. The level of expenditure is controlled by each local authority and is dependent on the investment levels in the Asset Management Strategy (AMS). During the last two years, the council carried out a large number of stock condition surveys to ensure that our properties meet the decent homes standard. Whilst new surveys have continued to be undertaken by the in-house team, external consultants were employed to undertake approximately 6,650 new stock condition surveys.
- 3.2 As detailed in the Asset Management Strategy, this level of expenditure allows decent homes levels to be maintained and health and safety requirements to be met. In order to meet the decent homes target, planned expenditure on new kitchens, bathrooms and electrical systems broadly remain at previous levels.
- 3.3 The level of expenditure also begins to address the zero-carbon journey, bringing the worst performing stock up to EPC C and maximising available grant where available. The government expects all social landlords to meet the EPC C standard by the end of 2030.
- 3.4 As the main source of income to the HRA BP is from rents, it is important that the number of rental properties is maximised. The current HRA BP expects to lose on average 20 properties per year through RTB, although this number has reduced in recent years in part due to the cost-of-living crisis, and other stock has been lost temporarily due to regeneration. Last year's Government's Autumn budget, announced that the maximum RTB discount would be reduced from £137,000 to £38,000 in Havering. This change took place on 21<sup>st</sup> November 2024. As a result, we saw an influx of approximately 170 applications. Of these, we saw 51 cases progress to completion up to the end of October 2025. Currently, there are 102 further cases that are in the system and are anticipated to progress to complete by the end of this financial year. There will be a significant decrease in right to buy applications in 2026-27. It is too early to give an accurate number, but we estimate there will be an average of approximately 20 properties per year going forward. This means that there will be fewer right to buy receipts to support acquisitions and housing regeneration. On balance, the reduction in RTB sales strengthens the HRA's financial position. Each retained property generates inflation-protected rental income that supports HRA borrowing capacity for new supply. Retained stock also enables direct mitigation of homelessness pressures by reducing costly General Fund expenditure on private sector temporary accommodation whilst maintaining landlord control.

### 3.5 Proposed HRA Budget 2026/27

The proposed HRA budget for 2026/27 is shown in the Table below.

	2025-26 Final Budget	2026-27 Final Budget	Variance
<b>Income and Expenditure</b>		£	£
<b>Income</b>			
Dwelling rents	(61,169,900)	(65,066,700)	(3,896,800)
Garages	(372,080)	(500,000)	(127,920)
Charges for services and facilities - Tenants	(7,954,670)	(8,755,480)	(800,810)
Charges for services and facilities - Leaseholders	(3,482,590)	(3,618,500)	(135,910)
Shared ownership	(894,400)	(1,064,000)	(169,600)
Other	(881,820)	(780,910)	100,910
<b>Total Income</b>	<b>(74,755,460)</b>	<b>(79,785,590)</b>	<b>(5,030,130)</b>
<b>Expenditure</b>			
Repairs and maintenance	14,875,840	15,424,220	548,380
Supervision and management plus recharges	29,961,550	33,308,689	3,347,139
Depreciation and impairment	16,590,400	16,590,400	0
Bad debt	665,080	665,080	0
<b>Total Expenditure</b>	<b>62,092,870</b>	<b>65,988,389</b>	<b>3,895,519</b>
<b>Net cost of HRA services</b>	<b>(12,662,590)</b>	<b>(13,797,200)</b>	<b>(1,134,610)</b>
Interest payable and similar charges	17,032,760	20,571,460	3,206,760
Interest and investment income	0	(1,866,484)	(1,731,530)
<b>Surplus or deficit for the year on HRA services</b>	<b>4,370,170</b>	<b>4,907,776</b>	<b>537,606</b>
<b>Statement on movement of HRA balances</b>			
<b>Surplus or deficit for the year on HRA services</b>	<b>4,370,170</b>	<b>4,907,776</b>	<b>537,606</b>
Capital expenditure funded by the HRA	0	0	0
Reversal of impairment charge	(5,282,259)	(5,250,100)	32,159
<b>Net (income)/Expenditure</b>	<b>(912,089)</b>	<b>(342,324)</b>	<b>569,765</b>

- 3.6 The changes in management costs include allowance for the implementation of the new Housing I.T. System, the Local Government Pay Award and some additional staffing to help deliver regulatory requirements and for hostels. The new Family Welcome Centre currently under construction, is due to open in May 2026.

### 3.7 Depreciation & Impairment

- 3.8 Depreciation is the decline in the value of assets over time due to wear and tear. The Housing Revenue Account receives an annual charge, but an adjustment is also made for the same amount to the Major Repairs Reserve. This can be used to fund capital expenditure, or to pay off debt.

- 3.9 Impairments are reductions/increases in the book value of capital assets, compared with their market value. In accounting for these annual entries, the Housing Revenue Account is allowed to reverse these amounts out to the Capital Adjustment Account, removing the impact on the HRA. The impairment would only be realised if the asset was sold.

#### **4. Capital Programme**

- 4.1 There have been significant changes to the regeneration programme, in response to the current challenging economic situation, some of which include the following:

- Inflationary pressures, driven by the factors below have led to a rise in costs across the economy impacting on developers where costs have risen and households, which have experienced a rise in the cost of living, reducing disposable incomes. There are two main drivers behind the rise in prices.
- The pace of regeneration has also been affected by stagnating sales prices, which has reduced the opportunities for cross subsidy from market facing housing to affordable housing.
- The ongoing war in Ukraine and tensions in the Middle East continue to have an adverse impact on the supply chain and energy markets.
- The Bank of England have, in response to the inflationary pressures in the economy, raised the base rate several times, driving up the cost of borrowing for households and businesses. Although there have been recent reductions in the base rate, the rate of reduction has been less than forecast.
- The Building Safety Act, which includes a requirement for new high-risk residential buildings to incorporate a second stair core, which has affected the regeneration programme in Havering and elsewhere. This new legislation has also had an impact in relation to our existing stock and the processes for obtaining approval to carry out building improvement works on our existing stock have become very time-consuming.

- 4.2 In general, the impact of both rising interest rates and costs, have extended the payback of the various schemes, to the Council HRA, resulting in higher level of borrowing over the long-term 30-year forecasts.

#### **4.3 12 Sites Joint Venture Funding (Including Farnham & Hildene)**

- 4.4 The remaining provisions for expenditure below relates to the 12 sites joint venture proposals. An update report on the Havering and Wates Regeneration Joint Venture (HWR JVLLP) Business Plan and Budget 2026/27, is presented as a separate agenda item at January Cabinet

- 4.5 The proposal is to retain the current capital approval, meaning any modifications to the programme would need to be managed within the existing funding limits. An initial evaluation of the programme, considering possible significant changes, suggests that a gross capital requirement of £423 million is necessary to deliver 732 units of affordable housing. The HRA borrowing for the scheme is expected to reach its

highest at £231 million. Upon completion of the scheme, the borrowing is projected to decrease to £231 million.

4.6 The following summarises the potential key changes that have been included in the latest refresh of the HWR JVLLP Business Plan and Opportunity Site Assessments:

- Farnham & Hildene: Phase 1 and full Masterplan for redevelopment of Farnham Hildene estate.
- Chippenham Road: Tendered construction contract.
- Waterloo & Queen Street: bring forward Buildings 9 and 10 as a Council Scheme.
- Waterloo & Queen Street: Modular Temporary Housing scheme.
- Park Rise: Latest updates on progress of sales.
- Review of risks and project contingency.

#### **4.7 Bridge Close – Council Direct Delivery**

4.8 Cabinet approved the provision of a gross HRA capital budget of £428 million to progress the scheme, to fund site assembly and construction activities.

- HRA Borrowing for the scheme is set to peak at £201 million. At scheme completion, scheme borrowing is projected to fall to £126 million.
- The proposed budget incorporates the outputs from the latest refresh of the Bridge Close Business Plan, reflecting the following changes:
  - Update of costs reflecting latest estimates from external advisors.
  - Review of site assembly commitments.
  - Re-profiling of cash flows to optimise Council borrowing exposure.
  - The site currently occupied by the London Ambulance Service has been excluded from the scope of the Compulsory Purchase Order, reducing the anticipated number of new homes by approximately 112, from 1,011 to 899

#### **4.9 Quarles (Roe Wood Park)**

4.10 Following Cabinet approval of the purchase of 47 units at a cost of approximately £13m, work continues on the site with final completion scheduled for early 2027. It is anticipated that approximately 15 affordable units will be delivered by the end of this financial year.

#### **4.11 Acquisition Budget**

4.12 The declining Right to Buy receipts will mean that there will be less funding available to help offset the buy-back of ex-council properties. In view of this, officers will be reviewing the existing buy-back policy. The budget for 2026.27 and the next four years makes provision for 25 acquisitions per annum.

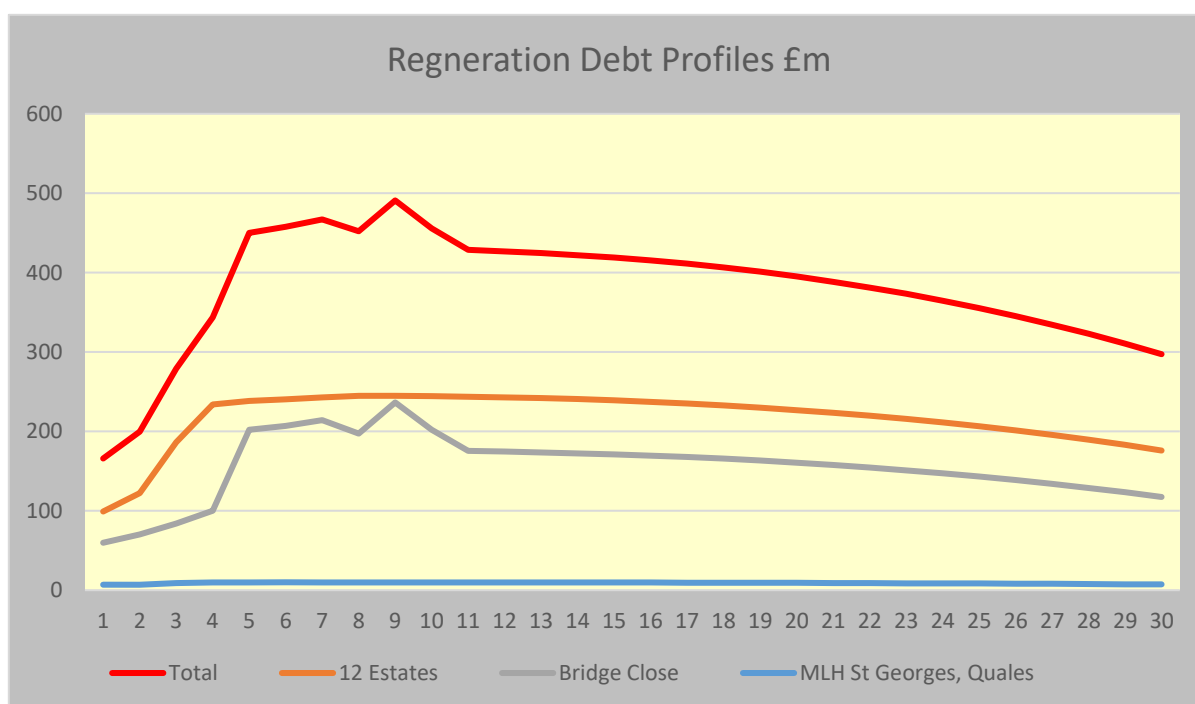
An additional 34 property acquisitions have been earmarked to meet the commitments under the Government LAHF programme, with the Government providing 6.9m of grant funding.

#### 4.13 Regeneration Programme

4.14 The Table below sets out the peak borrowing requirement along with the number of homes for the regeneration programme.

Scheme Name (can we add columns to show comparison to last year)	Years of delivery	No. of units	Total HRA (peak) borrowing requirements
12 Estates (including Farnham Hilldene)	2022-2036	732 (down 508)	£231m (down £169m)
Family Welcome Centre	2023-2026	74 (unchanged)	£17m (unchanged)
Bridge Close	2027-2036	487 (unchanged)	£201m (down £22m)
Quarles	2024-2027	47 (unchanged)	£8m (unchanged)

4.15 The graph below shows the financial impact of the various regeneration schemes to the HRA in isolation, incorporating the latest assumptions on borrowing rates and inflation. This includes the updated 12 estates programme covering work packages 1&2 with Oldchurch Gardens, Maygreen Crescent, Royal Jubilee Court, Dell Court, Delderfield, Brunswick Court paused.



4.16 In overall terms it is contributing to the wider HRA business plan with overhanging debt balances continuing to reduce over the life of the HRA Business plan but would require

significant capital investment in the early years to deliver the long-term benefits to the HRA.

**5.0 Major Works Budget – HRA 2025/26 – 2030/31 major works resources and proposed spend.**

- 5.1 Appendix 1a sets out proposed investment needs for the stock over the next 5 years. In principle, the investment in existing stock should be funded through revenue contributions to capital rather than borrowing as the investment maintains the value of the asset rather than creating an asset.
- 5.2 This 30-year plan has been updated to reflect the Housing Asset Management strategy which will include our continued approach to Decent Homes, our continued programme of asset improvement across our estates, the continued focus on building safety and compliance programmes.
- 5.3 The Table shows spend broken down by some core themes including our statutory requirements in maintaining the current Decent Homes standard for both internal elements (kitchens, bathrooms, heating etc.) and external elements (roofs, wall finishes, and windows and doors), this level of spend will maintain our near 100% decent home compliance position.
- 5.4 We have included funding to carry out fire safety improvement works to a number of our high rise blocks as well as to our low to medium rise blocks. This includes funding for the retrofitting of sprinkler systems in some of our high-rise buildings.
- 5.5 We acknowledge that our housing stock does not always match the demand profile of our residents, especially in regard to larger family properties. As part of the Asset Management Strategy, we will develop approaches to how we can better match the need through active asset management and have therefore included some funding to undertake extensions, infills or loft conversions where feasible. We will also continue to purchase small numbers of larger properties as part of our acquisition programme.
- 5.6 Included, are the ongoing projects such as the environmental works and several replacement lifts across the estate, including the addition of a number of lifts to sheltered properties, both improving accessibility for residents and improving desirability to support lettings.
- 5.7 Budgets have been included for the provision of additional cyclical programmes of work, including gutter and drain clearance. These programmes will allow us to proactively manage our stock and move from a predominantly responsive service to a more planned approach, which will improve the service for our customers, and provide better long-term value for money. A 7-year cyclical decorating programme, investing up to £20million was approved by Cabinet and included within the latest business plan, which will improve the look and feel of our estates, both internally and externally.
- 5.8 The addition of pro-active cyclical programmes will also ensure we minimise legal disrepair claims. However, we have seen an increasing trend across the sector of claims and are working to manage these effectively.



- 5.9 The Regulator for Social Housing, in its consultation on the new Consumer standards, said that;

‘Registered providers must have an accurate record at an individual property level of the condition of their stock, based on a physical assessment of all homes, and keep this up to date’.

- 5.10 Accordingly, our in-house stock surveying team, supplemented by external consultants, undertake a rolling 5-year cyclical programme of stock condition surveys, which will continue to inform the HRA Asset management plan.

- 5.11 During the last two years, the council carried out several stock condition surveys. Whilst new surveys have continued to be undertaken by the in-house team, we engaged external consultants to undertake approximately 6,650 new stock condition surveys to ensure that we are meeting the Decent Homes Standard.

## **6.0 Repairs, Maintenance and Compliance Budgets**

- 6.1 We have undertaken a comprehensive review of our repairs, voids, maintenance and compliance budgets to ensure they adequately reflect current and future needs. This reflects a reduction in budget requirement despite the impacts of inflation as we have been able to continue to hone our service to ensure accurate forecasting of needs.
- 6.2 The Social Housing (Regulation) Act 2023 is now in force and we have ensured that our budgets allow for the proactive approach to the regulation of social housing landlords on consumer issues - such as safety, transparency and tenant engagement.
- 6.3 Cabinet will be aware of the tragic death of Awaab Ishak. Like all landlords we have been reflecting on our approach to tackling mould in our properties. We have increased the size of our surveying team to ensure that we can meet the required timescales. In addition to this, we have included additional funding within the HRA Business plan to support residents with solutions, including longer term approaches to addressing inherent, as built, issues through improved energy efficiency approaches. We will monitor the government’s legislative programme to ensure that we continue to meet the relevant regulatory requirements going forward.
- 6.4 We have included sufficient monies to continue to address our compliance regimes, both to support our current approaches and to address any new requirements flowing from the Social Housing Regulation Act 2023 and the Building Safety Act 2022.
- 6.5 We have also included specific budgets for other compliance areas, over and above the core six areas which will help ensure we meet all of our statutory duties as a landlord and comply with the Regulator of Social Housing consumer standards. Included is the budget required for a full asbestos survey of our domestic properties which will help us with improved risk management of homes. Additionally, monies are allocated to provide third party assurance on compliance going forward.
- 6.6 The Mears repairs and maintenance contract continues to work well, delivering above KPI performance. This is evidenced by a reduced number of complaints across the service. The Call Centre arrangements continue to perform well. Average call waiting

times have increased slightly and are now just over 40 seconds. This is partly due to temporary staffing issues and an improved diagnostic process, which has improved the overall customer experience.

- 6.7 The new Sureserve contract has also been mobilised and is showing improved performance delivering above the target KPI performance in many areas. The new Call Centre arrangements continue to perform well. Average call waiting times are now only 17 seconds.
- 6.8 Mears, Sureserve and the LBH repairs service are now co-located at CEME. This has improved performance across all areas and has enabled a far greater level of cooperation and joint working across the teams, the benefits of which are still beginning to be fully realised.

## **7.0 30-year Business Plan 2025/26 to 2054/55**

- 7.1 Attached at Appendix 2a and 2b are extracts from the HRA 30-year Business Plan financial model. Year 1 of the business plan is based on the 2025/26 budget.
- 7.2 Savills have supported the production of the HRA Business Plan, particularly in relation to validating the HRA financial model and undertaking assurance work. There have, however, been significant external factors affecting the social housing sector as a whole since this last plan namely:
- Increased repair and capital costs due to high levels of inflation and shortages in the labour sector
  - increased development costs in respect of the estate regeneration schemes that are currently being undertaken due to the same reasons as above
  - Interest rates likely to remain at elevated levels for an extended period, adding revenue pressure.
  - An increase to utility costs due to rising gas and electricity prices, which may not be fully recovered by service charges.
  - The costs of increased regulation.
- 7.3 Savills have confirmed that the HRA Business Plan is based on a relatively sound foundation. However, they advised that due to potential fluctuations in rent increases, inflation, and interest rates, which may exceed normal levels, it will be important to conduct regular assessments of the plan. This approach is appropriate in the context of the current economic volatility. By periodically reviewing the plan, any emerging issues can be identified and addressed in a timely manner, ensuring that the strategy stays in line with the evolving economic environment.
- 7.4 The plan for the HRA is based on keeping a minimum equivalent to 10% of annual operating income in working balances and using current reserves above this figure to invest in the major works programme. It has been assumed that all available resources over and above those required for revenue spend, payment of interest on debt and

maintaining minimum reserves at £10m or 10%, whichever is the greater, are available for major works, for as long as the Asset Management Strategy requires it.

**7.5 The Business Plan projections are based on the following assumptions:**

- **Rents, Voids and bad debts**

Rents, follow current guidance, with an assumed increase of 4.8% for April 2026, and re-lets to new tenancies at the property's formula rent (rather than the outgoing rent). An increase of 3.0% for April 2027 (CPI only + 1%), followed by CPI +1% for the following eight years then 2.0% (parity with CPI for prudence) thereafter. Void rates set at 2.0% and Bad Debt provision of 1% have been modelled throughout the plan.

- **Inflation**

The CPI forecasts are based on the assumptions which underpinned the Government's Autumn Budget, as set out below.

- o 2.5% for 2025.26
- o 2.0% for 2026.27
- o 2.0% for 2027.28

- **Stock Numbers**

As of 31st March 2025, the stock numbers were 9,282 tenanted properties (excluding hostels). The level of sales is modelled at 80 for 2025/26 and 20 per annum thereafter which accounts for a stock loss of 7.1% over the plan period (excluding the regeneration schemes). Increase in stock due to regeneration and acquisitions are based on the numbers set out elsewhere in this report.

- **Interest rates**

All new borrowing for development, along with the refinancing of existing loans where full repayment within the plan period is not possible, has been modelled using the following blended rates.:

- 4.4% for loans drawn down in 2025/26
- 4.6% for loans drawn down in 2026/27
- 4.4% for loans drawn down in 2027/28
- 4.3% for loans drawn down in 2028/29 to 2035/36
- 5.0% thereafter.

It is assumed that borrowing will be taken on shorter maturities in the short to medium term to reduce financing costs, with refinancing onto longer maturities when long-term rates fall back to target levels.

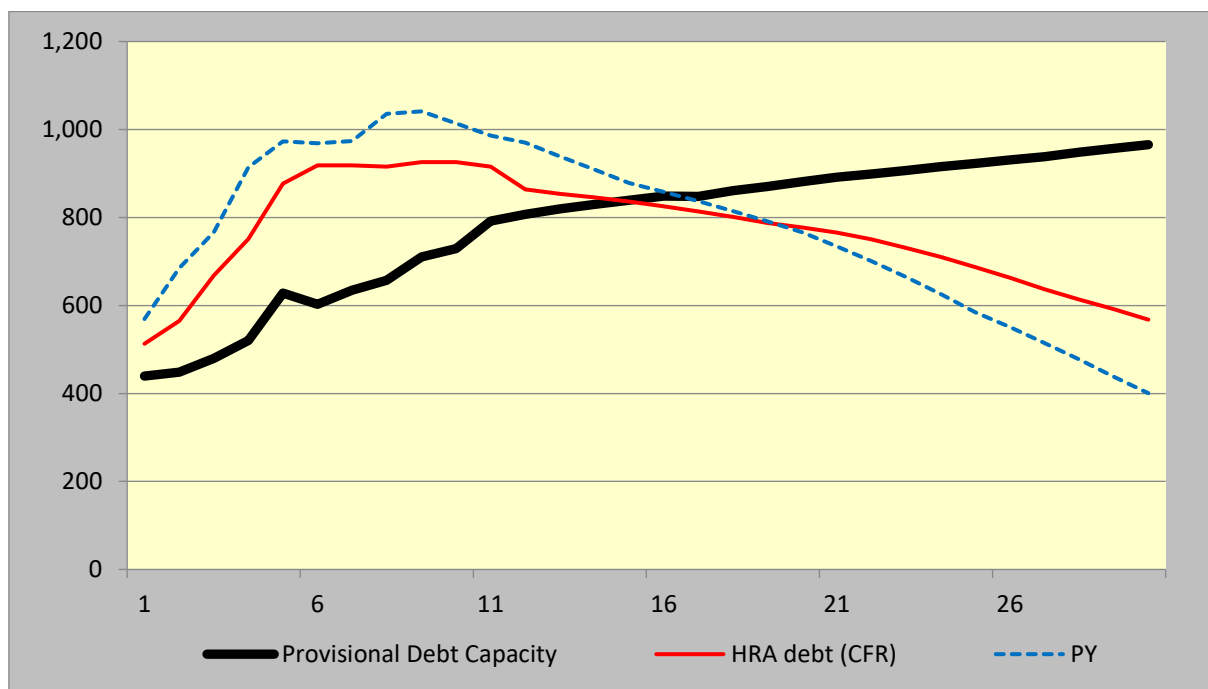
Where existing loans cannot be fully repaid, they are assumed to be refinanced at the rates set out above. The model has been configured to demonstrate repayment of loans where future surpluses permit.

The HRA concessionary rate reduction of 40 basis points that is currently in place is due to expire on 31 March 2026. The Government have not indicated that this will be extended. The borrowing rates set out above assume no further reduction beyond this point.

7.6 The HRA Business Plan forecasts borrowing to peak at £926 million in year nine (2033/34), down £115 million. The decrease is predominantly due to changes in the regeneration programme, down £96 m net of receipts programme, lower level of net debt £38m offset by increased operating costs £19m. The borrowing is against the following projects, some of which are funded by HRA reserves, land, and reinvestment of capital receipts:

- Waterloo & Queen Street
- Bridge Close
- Chippenham Road
- Farnham & Hilddene
- Acquisitions Programme.

#### 7.7 HRA Debt Analysis 2026/27 (£ million)



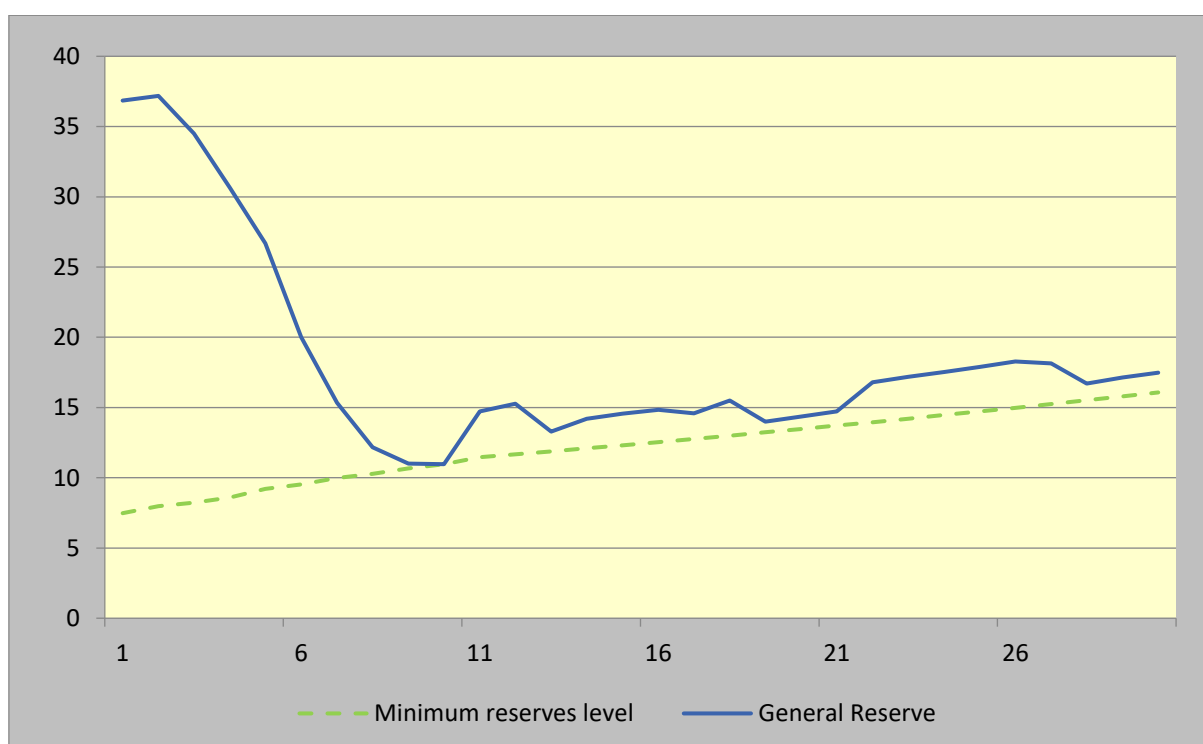
7.8 As set out above, debt is expected to reach its highest point at £926 million in year 9 (2033/34), compared to £1.041 billion in year 9 (2033/34). In contrast to the 2024/25 forecast, however, debt is forecast to decrease more slowly, resulting in a balance of £592 million in Year 29 (2053/54), which equivalent to a figure of £338m adjusted for inflation. This figure is £154 million higher than the previous projection of £438 million.

7.9 Over the life of the plan, the debt per home decreases from £46,000 to £32,000 (2025-26 prices), with the ratio of debt to gross income falling from 6.9 to 3.5.

7.10 The provisional debt capacity, also known as prudential borrowing, does not adhere in all years to the established "golden rule" where the interest cover ratio should not fall below 1.25, as previously agreed. The most significant strain on this capacity is projected to occur in year 6 (2030/31), where the minimum level of borrowing headroom reaches a deficit of minus £315 million.

- 7.11 The Interest Cover Ratio (ICR) is calculated as the operating surplus divided by interest costs, and it indicates the Housing Revenue Account's (HRA) ability to cover its interest cost liabilities in any given year. Setting the ICR to a minimum ensures that there is adequate buffer to continue covering debt interest, even if there is a sudden decrease in income or an increase in operating costs. In the 2021/22 period, the average ICR for the housing association sector was around 1.8. The typical lending covenants for housing associations range between 1.10 and 1.50, depending on their size and nature, with 1.25 being a common expectation. This level of 1.25 was the one agreed upon by Cabinet in 2021.
- 7.12 The debt gap reflects the significant capital investment required for the Council's regeneration and acquisitions programme. Generally, there is a 2 to 3-year gap between the start of construction and the delivery of new homes. In this period, the Council allocates capital, funded by borrowing, to support construction efforts. As a result, the Council bears financing costs prior to the completion of the new homes. The completion of these homes is anticipated to generate increased revenue (rent and charges) and enhance the Council's ability to service its debt.
- 7.13 In the early years of the plan, it is difficult to mitigate against a significant debt gap. As a result, it is necessary to apply an additional financial safeguard.
- 7.14 Future borrowing would be drawn down on a fixed rate basis, with the rates effectively locked in at the point of drawdown. On that basis, the HRA exposure to variable rates risk is low as such provided schemes are progressed on sound Value for Money criteria, the key financing risk is on the sustainability of the net operating incomes derived from the existing asset base. To mitigate this risk, a target has been set to maintain a working reserve balance of at least 10% of operating income for the life of the plan.

#### 7.15 HRA Working Balance 2025/26 (£ million)



- 7.16 As set out above, in all years the minimum balance exceeds the 10% target, which indicates that the Council is forecast to maintain an adequate reserve to manage revenue risks and sustain the projected borrowing profile.
- 7.17 The Business Plan makes provision for the repayment of some treasury debt. It would be prudent, in future Business Plans, once projects have been completed, to make provision to reduce debt levels. This level of debt needs to be sustainable in the long term and supported through the Council's Treasury Management policy.
- 7.18 Furthermore, the Council can refinance some of the debt portfolio later, when rates are lower, reducing the long-term financing costs on the HRA. No assumptions about this have been made.
- 7.19 The plan demonstrates a broadly similar outcome to the previous iteration, reflecting ongoing economic uncertainty and regulatory changes. While the debt gap has narrowed, it remains significant. Adequate reserves are forecast to be maintained to manage risk on operating income and the ability to service the associated debt. Although debt is forecast to peak at a lower level, it is forecast to fall slower in the plan's duration than in the previous forecast.
- 7.20 In respect of the regeneration programme, the Council maintains a significant degree of control over both the timing and commitment of capital spend. Aside from Park Rise, the remaining sites are still in the pre-construction phase, with the bulk of the capital commitment linked to construction dependent on future decisions. Any decision to proceed would be based on sound Value for Money considerations, taking account of the general economic outlook and the sustainable and long-term interest of the HRA and Council. In practice, the Council retains significant control here as it has the ability, as necessary and appropriate, to direct the shape, extent, phasing and pace of the regeneration programme.
- 7.21 The HRA business plan forecast has set out the modelling and shows both forecasts for reserve balances, forecast debt (HRACFR) and future potential borrowing capacity. The plan is based on a relatively sound financial basis but given the potential for greater than normal variances in respect of rent increases, inflation and interest rates this could be considered an "initial" plan. Therefore, this must be seen as a position statement rather than something on which to make firm strategic decisions.

## **REASONS AND OPTIONS**

### **Reasons for the Decision**

The Council is required to set the housing rent, service charges and a budget in accordance with the Local Government and Housing Act 1989, and to set a budget that is not in deficit.

### **Alternative Options Considered**

There are no alternative options in so far as setting a budget is concerned. There are however options in respect of the various elements of the budget. These are considered in preparing the budget and cover such things as the rent and service charge increases, budget growth and major works programme proposals. The rationale for the levels of investment and levels of charges are contained within the body of this report.

## IMPLICATIONS AND RISKS

### Financial implications and risks:

#### HRA Revenue

This report largely concerns the financial implications and risks concerning the setting of the HRA budget for 2026/27 and the revision of the figures for the 30-year Business Plan. The HRA is sufficiently robust to generate a minimum estimated annual working balance reserve of £37.6m at the end of 2026/27.

As of 31 March 2025, there was a general reserve balance of £34.4m reserves, alongside £8.2m major repairs reserve, a capital reserve balance of £5.2m alongside a bad and doubtful debt provision of £4.9m.

The key economic indicators underpinning the updated projections for the 30-year HRA Business Plan remain broadly unchanged. But it is likely the reversal of the negative shifts in the economic situation will take longer to reverse. These factors are expected to continue to exert cost pressures on the capital and revenue budgets in the short to medium term.

The forecast for council borrowing rates indicates they will stay elevated for an extended period, with the anticipated long-term borrowing cost rising to 5.0% throughout the plan's duration. This increase is particularly noteworthy considering the extensive scale of the Council's Regeneration program. During the construction phase, this situation becomes especially pertinent, as the Council will need to commit substantial capital and bear the related financing expenses until the new homes are finished and ready to be let.

The economic situation continues to have a broadly negative impact on the Regeneration Programme, mainly due to the need to include a second staircase in buildings over 18 metres and persistent inflationary pressures within the construction industry. As a result, additional expenses are expected to materialise across the entire programme. The cost increases will increase reliance on securing capital subsidy from the GLA. In addition, the changes to the 'Right to Buy' are likely to significantly dampen demand resulting in a lower level of usable receipts, albeit with a higher level of retained homes.

In recognition of the pressures faced by the Council, the phasing of the regeneration programme has been reviewed to extend the delivery period and thereby reduce the peak borrowing exposure.

These factors, alongside the continued revenue pressures, highlighted in the main report result in a challenging financial outlook, with notable implications for both the Debt Gap and Minimum Reserve estimates. While the base plan sets out a sustainable financial position, a small adverse movement in the assumptions would render the plan unviable unless correction action is put in place.

The sensitivity analysis sets out the potential financial risks, particularly around the level of reserves. But the Council has the levers in place to adjust and recalibrate to head off the significant risk. The key lever is a potential rephasing of the regeneration programme,

designed to reduce the level of borrowing exposure, if sufficient capacity is available to service the debt.

As such, it is necessary to implement a series of measures to bring one of both key financial metrics back within target. These will include the following measures:

- Reduce level of regeneration and capital spend commitments – delaying or cancelling discretionary commitments.
- Review of management cost structure and service charge recovery.
- Consider financing strategy – mixture of long and term borrowing.
- Full / partial implementation of rent convergence
- Review of charges for temporary accommodation

The Government has introduced a 10-year affordable housing programme, which has an emphasis on producing more social-rented homes. The Government also have ambitions to produce more affordable rented homes with reduced grant rates for homes. This is reflected in the GLA's approach to affordable housing in London. In a period where construction costs have risen and are still rising, this introduces some viability challenges.

#### Review of the core stock capital programme

Analysis of the Core Stock Capital Programme: The core capital maintenance and replacement programmes are experiencing a structural financing deficit of approximately £22 million annually for the first 5 years and falls to an average of £16 million over the life of the plan. This deficit arises because the capital maintenance and replacement budgets surpass the designated revenue contributions, leading to an ongoing borrowing need. While this investment is needed to maintain existing revenues and therefore would be applied against an ever-increasing level of associated borrowing.

#### Rent Rises

Over the past five years, rent increases have adhered to a formula of CPI (Consumer Price Index) plus 1%. The Government recently confirmed rents will be uplifted by CPI + 1% for a further 10 years.

#### Interest Rates

Borrowing costs remain a key risk to the plan's sustainability. A sustained, 25 basis point increase above assumed borrowing rates would add £9m in revenue pressure over ten years. Sufficient reserves are available to manage risk and mitigations would be deployed to restore the HRA back into balance.

Borrowing costs will continue to be closely monitored, with mitigations in place to optimise and reduce exposure, including:

1. Re-profiling capital spend – Delaying or pausing major investments, including regeneration projects.
2. Optimising the treasury position – Using a mix of short- and long-term debt to take advantage of lower rates when available.

#### Projection

The Debt Gap will remain substantial in the early stages, reflecting the significant investment in estate regeneration. As the new homes are delivered, this gap is expected to narrow.



Nonetheless, during the investment phase, it will be crucial to closely manage the delivery of the regeneration programme and its associated risks. This careful management is essential to ensure the sustainability of the HRA position until the new homes are completed and delivered.

The Table below sets out the impact of the continuing adverse economic environment on the HRA. In particular, higher interest rates are placing significant pressure on the account, alongside the expiry of the 40 basis point discount on HRA borrowing on 31 March 2026.

An announcement on the extension of the discount is anticipated in February 2026, in advance of the launch of the 2026-36 Affordable Housing Grant Programme. For the purposes of planning, it has prudently been assumed that the concession is not extended. In response to recommendations arising from the CIPFA external assurance review (August 2024), an assessment has been undertaken of those elements of the capital programme funded through borrowing that contribute to the Council's revenue pressures. The findings of this review are set out in Exempt Appendix 5 and identify gross capital savings of £196 million (£121.8 million net). As a result, forecast peak borrowing has been reduced by approximately £115 million.

While significant savings have been delivered through a review of the Regeneration Programme, these have been offset by an increased provision within the core capital programme alongside additional management resourcing to support hostel and temporary accommodation.

The savings have resulted in a reduction in the number of funded affordable homes, which will have an adverse impact on the cost of mitigating future homelessness pressures on the General Fund. As such, work will continue to assess options to reintroduce these homes. This will include engagement with the GLA and Central Government to seek greater flexibility on grant funding, alongside work to deliver construction cost efficiencies. The unit outputs arising from the current new build programme are set out in Appendix 4

**TABLE – HRA BP Forecast Approved v Proposed to 2053/54**

<b>HRA BP Forecast to 2053/54</b>	<b>Movement £ million</b>	<b>Net £ million</b>	<b>Notes</b>
<b>HRA BP 2025/26</b>			
Closing Debt		438.1	
Reserves		-17.8	
<b>Net Debt 2053/54</b>		<b>420.3</b>	
<b>Movements</b>			
Opening General & Major Repair Reserves	-38.1		Slippage / Underspends 2024/25
Non-Dwelling Income	-4.4		Improved void management
Rental Income	128.9		Reduced scale of regeneration outputs
Operational Costs Net of service charges	53.5		Increased level of resourcing for Homeless and Temporary Accommodation
Core Capital Programme	85.4		Increased regulatory demands (Awaabs law, etc)

Net Regeneration Programme	-121.8		Review of regeneration programme reducing commitments
Financing costs Reduced scale of capital programme	-165.4		Reducing scale of regeneration programme, reducing exposure to elevated financing costs
Finance cost increase rates	216.1		Assumption 40 basis point discount will expire on 31 March 2026 alongside a general upward movement in rates.
<b>Movement</b>		<b>154.2</b>	
<b>HRA BP 2026/27</b>			
Closing Debt		591.6	
Reserves		-17.1	
<b>Net Debt 2053/54</b>		<b>574.5</b>	

#### Other options considered

The possibility of halting all regeneration activities after fulfilling current contractual commitments was considered. In this scenario, all further regeneration efforts beyond the year 2025/26 would be paused. This would allow for the completion of Park Rise sales programme but would result in the suspension of projects on other sites, including Waterloo & Queen Street, Bridge Close, Chippenham Road, and Farnham & Hildene.

Ceasing progress on these projects would jeopardise the investment in planning, masterplan and design work on regeneration sites, which amounts to c. £28 million. Additionally, halting the new regeneration programme would likely have a substantial negative impact on the General Fund, leading to increased homeless pressures and a lost opportunity to increase the Council Tax revenue base.

Given the reduction in RTB discounts, it is likely the HRA would lose fewer homes to RTB, increasing the likelihood of a sustainable financial position if regeneration activities were to cease. But doing so would not alleviate the growing need for affordable housing.

#### **TABLE – KEY METRICS**

	<b>2025.26 Plan</b>	<b>2026.27 Plan</b>
Debt Gap	£321m 2029.30	£315m 2030.31
Ratio Revenue Reserves to Operating Income (Minimum) – Target 10%	10.5% 2038.39	11.0% 2034.35
<b>Key Assumptions</b>		
Regeneration Schemes	Review Reflecting effect of building regulations and re-profiling	Review Reflecting effect of building regulations and re-profiling
Rent Increase 2026.27	3.30%	4.80%

Rent Increases Post 2024.25	CPI + 1% for 9 years, CPI thereafter	CPI + 1% for 9 years, CPI thereafter
PWLB long-term borrowing cost	3.70%	5.0%
Internal Financing Rates	Prevailing PWLB rates	Prevailing PWLB rates

## **Risks**

### **Legal implications and risks**

Under Part VI of the Local Government and Housing Act 1989 (“the 1989 Act”), any local authority that owns more than 200 units of housing stock is obliged to maintain a Housing Revenue Account. The HRA is a record of revenue expenditure and income in relation to an authority’s own housing stock. It is a ring-fenced account within the authority’s General Fund, which means that local authorities have no general discretion to transfer sums into or out of the HRA.

Under Section 74 of the 1989 Act, the Council is required to keep a separate Housing Revenue Account of sums falling to be credited or debited in respect of its housing stock. Sections 75 and 76 of the 1989 Act set out the rules for establishing and maintaining that account.

By Section 76 of the 1989 Act, the Council is required in January and February each year to prepare, and make available for public inspection, proposals relating to the income of the authority from rents and other charges, expenditure in respect of repair, maintenance, supervision and management of HRA property and other prescribed matters. The proposals should be made on the best assumptions and estimates available and should be designed to secure that the housing revenue account for the coming year does not show a debit balance. The report sets out information relevant to these considerations.

Section 76 of the 1989 Act also places a duty on local housing authorities: (a) to ensure that the annual budget for their HRA avoids a deficit; (b) to review and if necessary, revise that budget from time to time and (c) if it seems that an end-of-year deficit may occur, to take all reasonably practicable steps to avoid it. The proposed HRA budget fulfils these requirements. Putting it simply, the Housing Revenue Account must be maintained in balance throughout the year and the Council is under a duty to prevent a debit balance in the HRA pursuant to Section 76 of the Act 1989.

The report seeks approval for major investment estimates in relation to a variety of schemes in relation to HRA capital expenditure and the HRA Major Works Capital Programme. In compliance with Section 151 of the Local Government Act 1972, the Council has in place Financial Regulations and Financial Procedures that provide appropriate arrangements for the approval of major works estimates. The various major works schemes must be capable of being carried out within the Council’s statutory powers. To the extent that the details of the schemes appear from the body of the report, it does appear that the proposed works meet this requirement. In particular, the maintenance and repair of dwellings may be considered consistent with the Council’s repairing obligations under Sections 9A and 11 of the Landlord and Tenant Act 1985.

The Regulator of Social Housing may under section 194(2A) of the Housing and Regeneration Act 2008 set standards for registered providers requiring them to comply with specified rules about their levels of rent (and the rules may, in particular, include provision

for minimum or maximum levels of rent or levels of increase or decrease of rent). The current Rent Standard allows for a rent increase of CPI +1% and so the proposed rent increase as set out within in this paper is in line with the Rent Standard.

Once Cabinet decides on the setting of the rents in respect of the Council's housing stock, notices of variation will be served on the tenants pursuant to section 103 of the Housing Act 1985 to give them notification of the changes in rent which will come into effect from 6th April 2026.

The Equality Act 2010 requires the Council to comply with the public sector equality duty when carrying out its functions and have due regard to the need to eliminate discrimination and advance equality of opportunity. By carrying out an Equality Impact Assessment in reaching such decisions as introducing charges to tenants, the Council is seeking to ensure that the Council complies with the Public Sector Equality Duty. Further details regarding the Public Sector Equality Duty are set out below in the section relating to Equalities, implications and risks.

The remaining legal implications are set out in the main body of this report.

### **Human Resources implications and risks**

There are no HR implications arising from this report.

### **Equalities, implications and risks**

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.

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

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.

An equalities impact assessment has been carried out and is attached as Appendix 3. Of note, central government influences rent levels and the rent increases proposed within this report will be affordable to households on welfare benefits. Furthermore, best practice and guidance dictates that service charges should be set at a level that covers the cost of providing the service to which the charge relates. Therefore, the Council cannot operate in an unfettered way within regard to the rents and service charges it sets. That said, the Council has examined the proposals in this report from an equalities perspective.

The proposed rents and eligible service charges fall within applicable benefits allowances. This means that residents who rely on income-related benefits — our most vulnerable — are protected from having to pay any top-up from their personal living elements or other income streams.

The investment in new homes through the HRA will benefit those in housing need in the borough and will therefore have a positive impact on households with protected characteristics. With the higher percentage of people with disabilities and disadvantages, the ongoing partnership working and future opportunities for engaging with those groups to improve overall health and wellbeing is essential.

The Council will monitor the impact of the increase across protected characteristics. We will ensure that anyone affected by the increase has equal access to advice and information in relation to income maximisation should they be unable to meet their rent/service charge liabilities. We will follow the guidelines set out in the income maximisation policy. The EqHIA will be updated in 6 months with information provided through the monitoring process and if required further activity will be undertaken to mitigate any adverse impact.

### **Health and Well-being implications and risks**

Good quality, affordable and safe housing is vital in supporting good physical and mental health.

This report proposes increases in charges to social housing tenants to ensure the continuing financial sustainability of the HRA. The HRA funds a range of activities that directly benefit the health and wellbeing of local residents. It funds the delivery of new high quality affordable housing and thereby alleviates levels of overcrowding and households living in poor housing. It also funds the maintenance of existing stock to ensure that properties do not fall into disrepair and expose tenants to consequent risks to health e.g. associated with damp and mould. Ensuring that the HRA continues to be sufficiently funded through increased tenant charges is therefore important step to sustaining the associated health and wellbeing benefits.

Rents charged in Havering are relatively low and will remain so after the proposed increases. Nonetheless, any increase in charges is likely to put additional financial stress on residents given the ongoing cost of living crisis. Vulnerable residents such as the elderly and those on low incomes make up the majority of tenants. Most will be shielded from the impact of the proposed increase in charges by a proportionate increase in benefits. Residents with incomes and or savings marginally above the threshold for housing benefits are most likely to struggle to cover the additional charges. These residents will be proactively signposted to available support and advice to ensure they receive any benefits available to them.

## APPENDICIES

<b>Appendix 1a</b>	2026/27– 2030/31 HRA Major Works.
<b>Appendix 1b</b>	2026/27– 2030/31 HRA Regeneration and Acquisition Programme.
<b>Appendix 2a</b>	HRA Projections from Business Plan - Years 1-10.
<b>Appendix 2b</b>	HRA Capital Investment Requirement Projection from Business Plan
<b>Appendix 3</b>	Equalities & Health Impact Assessment.
<b>Appendix 4</b>	New Build Homes Delivery Programme
<b>Appendix 5</b>	HRA Capital Programme Review (Exempt - not for publication)

## Appendix 1a

### 2026/27 – 2030/31 HRA Major Works Capital

Capital	2026/27	2027/28	2028/29	2029/30	2030/31
Decent Homes Works - Internals	6,704,900	6,789,233	8,047,333	8,257,333	8,257,333
Decent Homes Works - External	7,620,000	10,079,000	10,277,000	10,944,000	10,944,000
Environment Improvement Works	5,612,000	2,362,000	1,662,000	1,662,000	1,662,000
Energy Saving works	5,000,000	5,000,000	6,000,000	6,000,000	6,000,000
Garages and garage site Work	110,000	110,000	110,000	110,000	110,000
Residents Safety Related Works	9,050,000	10,600,000	4,050,000	1,160,000	1,000,000
Stock alignment	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000
Professional Support Services	550,000	140,000	140,000	140,000	140,000
Unidentified Asset Works	410,000	560,000	560,000	560,000	560,000
<b>Totals</b>	<b>36,206,900</b>	<b>36,790,233</b>	<b>31,996,333</b>	<b>29,983,333</b>	<b>29,823,333</b>

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## Appendix 1b

### 2026/27– 2030/31 HRA Regeneration and Acquisition Programme.

12 ESTATES	2026/27	2027/28	2028/29	2029/30	2030/31
Affordable Housing	69,151,000	58,965,000	49,858,000	-	-
Partner Loans	150,000	150,000	150,000	150,000	150,000
Demolition & contingency	5,585,000	3,043,000	2,991,000	2,388,000	2,087,000
Site Assembly	4,419,000	3,250,000	3,250,000	3,250,000	2,000,000
<b>12 Estates Total Budget</b>	<b>79,305,000</b>	<b>65,408,000</b>	<b>56,249,000</b>	<b>5,788,000</b>	<b>4,237,000</b>
BRIDGE CLOSE	2026/27	2027/28	2028/29	2029/30	2030/31
Forward Funding	900,000	142,000	22,672,000	99,099,000	55,396,000
Partner Loans	7,261,000	10,603,000	1,170,000	1,324,000	1,214,000
Site Assembly	946,000	-	-	-	-
<b>Bridge Close Total Budget</b>	<b>9,107,000</b>	<b>10,745,000</b>	<b>23,842,000</b>	<b>100,423,000</b>	<b>56,610,000</b>
OTHER REGENERATION	2026/27	2027/28	2028/29	2029/30	2030/31
MLH Schemes	3,845,000	1,883,000	-	-	-
LAHF Programme	2,130,000	3,694,000	4,789,000	1,847,000	-
HRA Acquisitions	7,500,000	7,500,000	7,500,000	7,500,000	7,500,000
Welcome Centre	950,000	-	-	-	-
<b>Other Total Budget</b>	<b>14,425,000</b>	<b>13,077,000</b>	<b>12,289,000</b>	<b>9,347,000</b>	<b>7,500,000</b>
<b>TOTALS</b>	<b>102,837,000</b>	<b>89,230,000</b>	<b>93,380,000</b>	<b>115,558,000</b>	<b>68,347,000</b>

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# Appendix 2a

## HRA Projections from Business Plan - Years 1-10.

Year Financial Year		1 2025.26	2 2026.27	3 2027.28	4 2028.29	5 2029.30	6 2030.31	7 2031.32	8 2032.33	9 2033.34	10 2034.35
<b>HRA 30 YEAR SUMMARY</b>											
Dwelling rents	2,988,706,347	61,169,900	65,066,700	67,232,807	70,507,230	75,879,151	78,636,801	81,743,463	84,233,721	87,025,350	89,690,726
Non-dwelling rents	19,768,197	372,080	500,000	510,000	520,200	530,604	541,216	552,040	563,081	574,343	585,830
Service charge income	488,490,472	11,437,260	12,373,980	12,541,540	12,792,371	13,048,218	13,309,182	13,575,366	13,846,873	14,123,811	14,406,287
Other income and contributions	162,278,665	1,776,220	1,844,910	1,880,648	2,157,494	2,583,879	2,745,761	3,992,931	4,116,348	4,886,492	4,934,051
<b>Total income</b>	<b>3,659,243,682</b>	<b>74,755,460</b>	<b>79,785,590</b>	<b>82,164,995</b>	<b>85,977,295</b>	<b>92,041,852</b>	<b>95,232,961</b>	<b>99,863,801</b>	<b>102,760,023</b>	<b>106,609,995</b>	<b>109,616,894</b>
Repairs & maintenance	604,285,934	14,875,840	15,424,220	15,713,218	16,053,342	16,487,968	16,804,020	17,137,881	17,447,483	17,772,603	18,094,839
Management (incl RRT)	1,292,821,998	29,961,450	33,308,689	34,179,451	33,502,808	34,171,116	34,904,250	35,684,109	36,440,136	37,208,556	37,977,366
Bad debts	33,045,894	665,080	665,080	746,187	782,091	841,281	871,510	905,781	933,359	964,281	993,799
Dwelling Depreciation	481,260,425	10,876,620	11,340,300	11,665,513	12,352,372	12,636,075	13,156,963	13,410,897	13,802,520	14,051,207	14,570,869
Depreciation of Right of Use assets	0	0	0	0	0	0	0	0	0	0	0
Debt management	0	0	0	0	0	0	0	0	0	0	0
<b>Total costs</b>	<b>2,411,414,251</b>	<b>56,378,990</b>	<b>60,738,289</b>	<b>62,304,369</b>	<b>62,690,612</b>	<b>64,136,439</b>	<b>65,736,744</b>	<b>67,138,668</b>	<b>68,623,498</b>	<b>69,996,647</b>	<b>71,636,873</b>
<b>Net income from services</b>	<b>1,247,829,431</b>	<b>18,376,470</b>	<b>19,047,301</b>	<b>19,860,626</b>	<b>23,286,683</b>	<b>27,905,413</b>	<b>29,496,217</b>	<b>32,725,133</b>	<b>34,136,525</b>	<b>36,613,349</b>	<b>37,980,020</b>
Interest payable	-957,461,859	-17,960,866	-20,571,460	-24,190,495	-28,506,685	-32,989,678	-37,094,038	-38,307,143	-38,345,414	-38,528,145	-38,802,116
Interest income	30,211,241	2,052,343	1,864,483	1,653,435	1,360,027	1,124,069	915,390	912,050	1,050,820	746,738	781,630
<b>Net income/expenditure before appropriations</b>	<b>320,578,813</b>	<b>2,467,947</b>	<b>340,325</b>	<b>-2,676,434</b>	<b>-3,859,975</b>	<b>-3,960,196</b>	<b>-6,682,430</b>	<b>-4,669,959</b>	<b>-3,158,069</b>	<b>-1,168,058</b>	<b>-40,465</b>
Set aside for debt repayment	-326,000,415	0	0	0	0	0	0	0	0	0	0
Revenue contributions to capital	-11,461,504	0	0	0	0	0	0	0	0	0	0
Voluntary top-up to MRR	0	0	0	0	0	0	0	0	0	0	0
Allocation (to) / from other reserves	0	0	0	0	0	0	0	0	0	0	0
Other appropriations	0	0	0	0	0	0	0	0	0	0	0
<b>Net HRA Surplus/Deficit</b>	<b>-16,883,105</b>	<b>2,467,947</b>	<b>340,325</b>	<b>-2,676,434</b>	<b>-3,859,975</b>	<b>-3,960,196</b>	<b>-6,682,431</b>	<b>-4,669,959</b>	<b>-3,158,069</b>	<b>-1,168,058</b>	<b>-40,465</b>
<b>HRA Balance brought forward</b>	<b>34,372,000</b>	<b>34,372,000</b>	<b>36,839,947</b>	<b>37,180,272</b>	<b>34,503,838</b>	<b>30,643,863</b>	<b>26,683,667</b>	<b>20,001,237</b>	<b>15,331,277</b>	<b>12,173,208</b>	<b>11,005,150</b>
<b>HRA surplus/(deficit)</b>	<b>-16,883,105</b>	<b>2,467,947</b>	<b>340,325</b>	<b>-2,676,434</b>	<b>-3,859,975</b>	<b>-3,960,196</b>	<b>-6,682,431</b>	<b>-4,669,959</b>	<b>-3,158,069</b>	<b>-1,168,058</b>	<b>-40,465</b>
<b>HRA Balance carried forward</b>	<b>17,488,895</b>	<b>36,839,947</b>	<b>37,180,272</b>	<b>34,503,838</b>	<b>30,643,863</b>	<b>26,683,667</b>	<b>20,001,237</b>	<b>15,331,277</b>	<b>12,173,208</b>	<b>11,005,150</b>	<b>10,964,685</b>

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# Appendix 2b

## HRA Capital Investment Requirement Projection from Business Plan

Year Financial Year		1	2	3	4	5	6	7	8	9	10
		2025.26	2026.27	2027.28	2028.29	2029.30	2030.31	2031.32	2032.33	2033.34	2034.35
<b>HRA CAPITAL PROGRAMME</b>											
Stock capital investment	922,861,054	40,588,756	38,193,647	39,560,435	35,347,360	33,902,202	34,619,076	20,494,379	22,009,737	22,837,349	23,320,570
Other	0	0	0	0	0	0	0	0	0	0	0
Development/Acquisition	680,624,531	85,947,635	89,841,747	75,433,280	88,069,435	111,696,025	64,896,424	45,647,101	32,941,606	56,933,538	27,819,746
Demolition & Forward Funding	20,673,375	816,413	5,584,587	3,043,000	2,990,500	2,388,000	2,086,750	1,923,000	1,841,125	0	0
Other Regeneration	32,773,503	8,606,712	7,411,444	10,752,852	1,319,673	1,474,159	1,363,812	1,474,159	370,693	0	0
<b>Capital programme</b>	<b>1,656,932,463</b>	<b>135,959,516</b>	<b>141,031,424</b>	<b>128,789,567</b>	<b>127,726,968</b>	<b>149,460,385</b>	<b>102,966,062</b>	<b>69,538,639</b>	<b>57,163,161</b>	<b>79,770,887</b>	<b>51,140,316</b>
<b>Scheduled Debt Repayment</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>Financed by...</i>											
Major Repairs Reserve	-426,096,507	-19,052,029	-11,340,300	-11,665,513	-12,352,372	-12,636,075	-13,156,963	-2,228,840	-7,104,449	-22,837,349	3,322,435
RTB receipts	-41,667,251	-3,031,319	-894,070	-917,845	-942,303	-967,464	-993,348	-1,019,978	-1,047,375	-1,075,562	-1,104,562
1-4-1 receipts	-34,818,910	-4,662,300	-5,479,015	-2,342,750	-4,431,638	-5,156,914	-4,159,792	-2,437,687	-2,506,773	-2,406,862	-1,176,078
Other receipts, Reserves and grants	-611,318,765	-27,074,652	-69,880,573	-8,568,334	-25,375,978	-4,669,673	-43,443,507	-63,852,134	-46,504,564	-36,854,688	-52,182,110
Revenue contributions	-11,461,504	0	0	0	0	0	0	0	0	0	0
Release of revenue reserve	-5,199,000	0	-1,733,000	-1,733,000	-1,733,000	0	0	0	0	0	0
HRA borrowing	-526,370,527	-82,139,215	-51,704,467	-103,562,125	-82,891,678	-126,030,260	-41,212,451	0	0	-16,596,426	0
<b>Capital financing</b>	<b>-1,656,932,463</b>	<b>-135,959,516</b>	<b>-141,031,424</b>	<b>-128,789,567</b>	<b>-127,726,968</b>	<b>-149,460,385</b>	<b>-102,966,062</b>	<b>-69,538,639</b>	<b>-57,163,161</b>	<b>-79,770,887</b>	<b>-51,140,316</b>
<b>Net balance on capital programme</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>Alert</i>											
<b>Major Repairs Reserve</b>											
<b>Major Repairs Reserve b/fwd</b>	<b>8,175,409</b>	<b>8,175,409</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,182,058</b>	<b>14,905,288</b>	<b>0</b>
HRA depreciation (net)	481,260,425	10,876,620	11,340,300	11,665,513	12,352,372	12,636,075	13,156,963	13,410,897	13,802,520	14,051,207	14,570,869
Voluntary addition to MRR	0	0	0	0	0	0	0	0	0	0	0
Financing for capital programme	-426,096,507	-19,052,029	-11,340,300	-11,665,513	-12,352,372	-12,636,075	-13,156,963	-2,228,840	-7,104,449	-22,837,349	3,322,435
Set aside for debt repayment	-63,339,326	0	0	0	0	0	0	0	-2,974,840	-6,119,145	0
<b>Major Repairs Reserve c/fwd</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,182,058</b>	<b>14,905,288</b>	<b>0</b>	<b>17,893,304</b>

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## APPENDIX 3

### Equality & Health Impact Assessment (EqHIA)

#### Document control

<b>Title of activity:</b>	<b>Housing Revenue Account (HRA) Business Plan update, Budget 2026/27 &amp; Capital Programme 2026/27–2031/32</b>
<b>Lead officer:</b>	Ian Saxby – Assistant Director of Housing, Property and Assets
<b>Approved by:</b>	Paul Walker - Director of Housing and Property
<b>Date completed:</b>	December 2025
<b>Scheduled date for review:</b>	December 2026

<b>Did you seek advice from the Corporate Policy &amp; Diversity team?</b>	Yes
<b>Did you seek advice from the Public Health team?</b>	Yes
<b>Does the EqHIA contain any confidential or exempt information that would prevent it from being published it on the Council's website?</b>	No

#### 1. About the activity

<b>1</b>	<b>Title of activity</b>	Housing Revenue Account (HRA) Budget & Business Plan 2026/27		
<b>2</b>	<b>Type of activity</b>	This report sets out what HRA income the Council has available to spend on housing, the current HRA financial position and the proposed spending plans for 2026/27.		
<b>3</b>	<b>Scope of activity</b>	This activity applies to all residents, regardless of any protected characteristics that may apply.		
<b>4a</b>	<b>Are you changing, introducing a new, or removing a service, policy, strategy or function?</b>	No		
<b>4b</b>	<b>Does this activity have the potential to impact (either positively or negatively) upon people (9 protected characteristics)?</b>	Yes		
<b>4c</b>	<b>Does the activity have the potential to impact (either positively or negatively) upon any factors which determine people's health and wellbeing?</b>	Yes		

<b>Completed by:</b>	James Delaney, Senior strategy & policy officer (LBH)
<b>Date:</b>	December 2025

## 2. Background/Context

The Housing Revenue Account (HRA) remains a ring-fenced account that is used to manage the Council's own housing stock.

The proposed budget for 2026/27 will enable the Council to manage the stock to a good standard, maintain the existing stock to the Decent Homes standard, and provide funding for a significant new build and estate regeneration programme. It further sets rents, service charges and other charges for Council tenants and leaseholders.

For 2026/27, rents are increasing by 4.8% (CPI+1%), in line with government policy and consistent with previous years. The Consumer Price Index (CPI) figure used is based on the September 2025 value, as per national guidance.

The 30-year HRAS Business Plan is still being finalised; however, there are no significant changes anticipated that would materially affect tenants or leaseholders at this stage.

Consultation with tenants and leaseholders took place in December 2025. Formal notification will be sent out to tenants, giving a four-week notice of the increases.

Tenants on Housing Benefit had their payment adjusted automatically, while those on Universal Credit (UC) were notified to the Department of Work and Pensions (DWP) to increase their payments. Separate letters were sent to tenants on UC.

Financial and welfare benefits advice continues to be made available to all tenants.

### Who will be affected by the activity?

Tenants, leaseholders and all other users of Council stock, including the occupants of temporary accommodation owned or leased by the Council.

### Protected Characteristic - AGE

		<b>Overall impact:</b> Any increase in costs, such as rent and service charges, may adversely impact elderly tenants not in receipt of support (e.g. Housing Benefit), as well as all tenants regardless of protected characteristic.  The Council's Financial Inclusion and Welfare Benefit team continues to provide advice and support to assist tenants in managing these increases.  This applies to all tenants, whether in general needs or sheltered housing accommodation. There are no specific negative/positive impacts identified.
<b>Positive</b>		
<b>Neutral</b>	<b>X</b>	
<b>Negative</b>		



## Protected Characteristic - DISABILITY

		<b>Overall impact:</b> Some disabled people on low incomes may find that the rent and service charge increases cause financial difficulties, particularly those whose income or savings are just above the threshold to qualify for Housing Benefit.
<b>Positive</b>		
<b>Neutral</b>	<b>X</b>	The Financial Inclusion and Welfare Benefit team remains available to provide advice and support to all tenants, including those in general needs or sheltered accommodation.
<b>Negative</b>		Whilst rated neutral, please note: There may be potential for increased financial pressure on some disabled tenants not in receipt of support.

## Protected Characteristic – SEX/GENDER

		<b>Overall impact:</b> The demographic profile of Havering council tenants indicates that an increase in rent and service charges is more likely to affect women, particularly single-parent households, who may be in lower paid or lower income jobs.
<b>Positive</b>		
<b>Neutral</b>	<b>X</b>	The decision to increase rent and service charges may cause an increased financial burden on some vulnerable tenants, regardless of gender, especially when considered alongside other elements of welfare reform.
<b>Negative</b>		<p>Tenants in receipt of Housing Benefit or Universal Credit may find that this covers or reduces the impact of the increase, though they remain responsible for meeting service charges for heating and water.</p> <p>The delivery of new homes through the regeneration programme will benefit households in housing need, including many single female-headed households.</p> <p>Please note:</p> <p>i) The positive aspect/s Regeneration and new homes benefit households in housing need, including single-parent (often female-headed) households.</p> <p>ii) The negative aspect/s Potential for increased financial pressure on women, particularly single parents not in receipt of support.</p> <p>Thus, this protected characteristic group has been given a neutral rating.</p>

Protected Characteristic – ETHNICITY/RACE		
		<b>Overall impact:</b> Around 20% of Havering's population comes from an ethnic minority or non-Christian background.  This budget applies to all members of the community, regardless of belief or background. No evidence suggests a disproportionate impact on any ethnic or racial group.  There are no specific negative/positive impacts identified.
Positive		
Neutral	X	
Negative		

Protected Characteristic – RELIGION/FAITH		
		<b>Overall impact:</b> There is insufficient data to suggest that an increase in rent and service charges will have any greater or lesser effect on the grounds of a tenant's faith or religious beliefs.
Positive		
Neutral	X	
Negative		

Protected Characteristic - Sexual orientation		
		<b>Overall impact:</b> There is insufficient data to suggest that an increase in rent and service charges will have any greater or lesser effect on the grounds of a tenant's sexual orientation.
Positive		
Neutral	X	
Negative		

Protected Characteristic - Gender reassignment		
		<b>Overall impact:</b> There is insufficient data to suggest that an increase in rent and service charges will have any greater or lesser effect on the grounds of a tenant's gender reassignment.  The Financial Inclusion and Welfare Benefit team is available to support all affected tenants.
Positive		
Neutral	X	
Negative		

Protected Characteristic - Marriage/Civil partnership		
		<b>Overall impact:</b> There is no qualitative or quantitative data to suggest that the policy would have a greater or lesser effect on people on account of their marital status.  The marital status of residents does not impact the management and delivery of Havering's housing services.
Positive		
Neutral	X	
Negative		

Protected Characteristic - Pregnancy, maternity and paternity		
		<b>Overall impact:</b> There is no qualitative or quantitative data to suggest that the policy would have a greater or lesser effect on people on account of their maternity or paternity status.  The parental status of residents does not impact the management and delivery of Havering's housing services.
Positive		
Neutral	X	
Negative		

Protected Characteristic - Socio-economic status		
		<b>Overall impact:</b> The increase in rent and service charges may have a disproportionate effect on those with lower incomes, as they may have less disposable income to cover the increase.  Tenants not in receipt of full Housing Benefit, or those in lower paid employment, may be particularly affected.  The Financial Inclusion and Welfare Benefit team continues to provide advice and support to assist tenants in managing these increases.  Please note: There is potential for increased financial pressure on tenants with lower incomes not in receipt of support.
Positive		
Neutral	X	
Negative		

Protected Characteristic - Health & Wellbeing		
		<b>Overall impact:</b> Section 210(1) of the Housing Act (1996) requires a housing authority to have regard to the following provisions when assessing the suitability of accommodation for an applicant:  1. (a) Parts 9 and 10 of the Housing Act 1985 (the '1985 Act') (slum clearance and overcrowding); and  2. (b) Parts 1 to 4 of the Housing Act 2004 (the '2004 Act') (housing conditions, licensing of houses in multiple occupation, selective
Positive		
Neutral	X	
Negative		

		<p>licensing of other residential accommodation, additional control provisions in relation to residential accommodation).</p> <p>Any rent increase and increase in service charges will provide the resources to fund the development programme to deliver new high quality affordable housing in the borough through the regeneration programme. This will alleviate levels of overcrowding and households living in poor housing in the borough thereby improving the health outcomes.</p>
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### 3. Review

The assessment will be reviewed on an annual basis.

**Scheduled date of review:** December 2026

# Appendix 4

## New Build Homes Delivery Programme

Scheme	Social / Affordable Rent				Shared Ownership				Private Sale / PRS				Total Homes			
	1	2	3+	Total	1	2	3+	Total	1	2	3+	Total	1	2	3+	Total
<b>COMPLETED</b>																
<u>12 Estates</u>																
New Green	57	52	17	126	29	36	6	71	-	-	-	0	86	88	23	197
Park Rise	80	-	-	80	35	19	-	54	22	19	-	41	137	38	-	175
<u>MLH</u>																
Cathedral Court	-	-	-	-	-	-	-	-	13	36	16	65	13	36	16	65
Winterberry Court	-	-	-	-	-	-	-	-	11	33	-	44	11	33	-	44
Victory Place	-	-	38	38	-	-	-	-	5	19	20	44	5	19	58	82
St Georges	3	11	-	14	5	17	-	22	-	-	-	-	8	28	-	36
<b>Subtotal - Completed</b>	<b>140</b>	<b>63</b>	<b>55</b>	<b>258</b>	<b>69</b>	<b>72</b>	<b>6</b>	<b>147</b>	<b>51</b>	<b>107</b>	<b>36</b>	<b>194</b>	<b>260</b>	<b>242</b>	<b>97</b>	<b>599</b>
<b>BUDGETED</b>																
<u>12 Estates</u>																
Chippenham Road	55	61	22	138	-	-	-	-	-	-	-	-	55	61	22	138
Farnham Hilldene Phase 1	20	33	51	104	-	-	-	-	-	-	-	-	20	33	51	104
WQS 9 & 10	15	35	20	70	9	25	3	37	-	-	-	-	24	60	23	107
WQS Modular	-	14	4	18	-	-	-	-	-	-	-	-	-	14	4	18
Bridge Close	52	72	24	148	139	156	44	339	179	199	34	412	370	427	102	899
<u>MLH</u>																
Roewood Park	9	17	10	36	3	4	4	11	-	25	48	73	12	46	62	120
Priory Road	-	-	-	-	-	-	-	-	-	-	5	5	-	-	5	5
Peel Way	-	-	-	-	-	-	-	-	4	4	1	9	4	4	1	9
Albert Road	-	-	-	-	-	-	-	-	-	1	8	9	-	1	8	9
Dorrington Gardens	-	-	-	-	-	-	-	-	10	12	12	34	10	12	12	34
Keswick Avenue	-	-	-	-	-	-	-	-	-	-	6	6	-	-	6	6
Angel Way	-	-	-	-	-	-	-	-	39	56	11	106	39	56	11	106
Como Street	-	-	-	-	-	-	-	-	45	65	28	138	45	65	28	138
<b>Subtotal - Budgeted</b>	<b>151</b>	<b>232</b>	<b>131</b>	<b>514</b>	<b>151</b>	<b>185</b>	<b>51</b>	<b>387</b>	<b>277</b>	<b>362</b>	<b>153</b>	<b>792</b>	<b>579</b>	<b>779</b>	<b>335</b>	<b>1693</b>
<b>PROGRAMMED</b>																
<u>12 Estates</u>																
WQS Remaining Phases	110	120	28	258	86	84	12	182	337	378	118	833	533	582	158	1273
Royal Jubilee Court	48	-	-	48	-	-	-	-	22	50	-	72	70	50	-	120
Dell Court	26	30	-	56	-	-	-	-	-	-	-	-	26	30	-	56
Brunswick Court	16	38	-	54	-	-	-	-	-	-	-	-	16	38	-	54
Delderfield	6	13	3	22	-	-	-	-	-	-	-	-	6	13	3	22
Maygreen	34	72	12	118	-	-	-	-	51	107	19	177	85	179	31	295
Oldchurch	64	59	-	123	-	-	-	-	95	88	-	183	159	147	-	306
Blue Line Opportunities	22	38	3	63	22	37	3	62	67	113	8	188	111	188	14	313
Bridge Close	-	-	-	-	-	-	-	-	54	48	10	112	54	48	10	112
Rainham Beam Park	40	41	27	108	63	65	32	160	91	243	172	506	194	349	231	774
<b>Subtotal - Programmed</b>	<b>366</b>	<b>411</b>	<b>73</b>	<b>850</b>	<b>171</b>	<b>186</b>	<b>47</b>	<b>404</b>	<b>717</b>	<b>1027</b>	<b>327</b>	<b>2071</b>	<b>1254</b>	<b>1624</b>	<b>447</b>	<b>3325</b>
<b>GRAND TOTAL</b>	<b>657</b>	<b>706</b>	<b>259</b>	<b>1622</b>	<b>391</b>	<b>443</b>	<b>104</b>	<b>938</b>	<b>1045</b>	<b>1496</b>	<b>516</b>	<b>3057</b>	<b>2093</b>	<b>2645</b>	<b>879</b>	<b>5617</b>

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