



MINUTES OF A CABINET MEETING
Council Chamber - Town Hall
Wednesday, 15 November 2017
(7.30 - 8.30 pm)

Present:

Councillor Roger Ramsey (Leader of the Council), Chairman

Councillor Damian White

Councillor Robert Benham

Councillor Wendy Brice-Thompson

Councillor Osman Dervish

Councillor Melvin Wallace

Councillor Clarence Barrett

Councillor Ron Ower

Councillor Joshua Chapman

Councillor Jason Frost

Cabinet Member responsibility:

Housing

Children & Learning

Adult Social Services and Health

Environment and Community Safety

Culture and Community
Engagement

Financial Management,
Transformation & IT

Housing Development Company
and OneSource Management

Deputy Cabinet Member for Housing

Deputy Cabinet Member for
Environment, Regulatory Services &
Community Safety

1 APOLOGIES FOR ABSENCE

There were no apologies for absence.

2 DISCLOSURES OF INTEREST

There were no declarations of interest.

3 HOUSING REVENUE ACCOUNT (HRA) BUSINESS PLAN UPDATE

The Cabinet Lead Member for Housing, Councillor Damien White presented the HRA Business Plan Review to Cabinet.

The report detailed the mid-year review of the HRA Business Plan and the impact of the provision of new affordable homes through regeneration

schemes in Havering. It took account of the clarified position on rent setting which had been announced recently, that rents can increase by CPI plus 1% for the five years after the four years of 1% reduction from 2020/21. This will increase income to the HRA by £15 million over ten years from the position considered in the February Budget Setting Report.

The report identified the budget provisions available to support the provision of truly affordable homes for Havering residents. Resources are available to build and/or acquire new affordable homes over the next 15 years.

Provision has been made for the 12 Estates Regeneration Scheme of around £145 million to provide more affordable homes managed by the Council on existing estates. The aspiration is to increase the level of affordable properties available for rent by over 30% on the new developments. It is anticipated that more than 300 low cost home ownership properties will be delivered on those estates which will affect a 50% increase in the number of affordable homes in those areas. These homes will be at rent and shared ownership levels that local people can afford on local wages.

£55 million has been identified for delivering affordable housing for other regeneration projects in the Borough thus increasing local provision for residents even further.

Further allocations will form the subject of future Cabinet reports.

It was further proposed to allocate RTB receipts to the regeneration buyback programme as this has been significantly oversubscribed by people wishing to sell their properties back to the Council.

Following discussion,

Cabinet:

1. **Approved** the update of the Housing Revenue Account Business Plan as detailed in Appendix 3a of the report.
2. **Noted** the implications of the housing estate regeneration and other regeneration opportunities on the HRA Business Plan.
3. **Approved** the allocation of £3.360 million of HRA 1-4-1 Right to Buy receipts to fund the estates renewal buyback programme. This will be used to accelerate the estates buyback programme whilst maintaining a neutral effect on the HRA.
4. **Instructed** officers to report back to Cabinet, within twelve months, with a review of the Allocations Policy and Local Lettings Plan, including eligibility criteria for affordable low cost home ownership properties and rent levels for affordable rent properties.

4 **MERCURY LAND HOLDING BUSINESS PLAN UPDATE**

The Cabinet Lead Member for the Housing Development Company and oneSource Management, Councillor Ron Ower, introduced the report to Cabinet. Thanks were given to officers for their hard work on what has amounted to a huge project producing the MLH Business Plan for 2017.

MLH aims to provide a long term revenue stream as a return on investment to the Council. Since the inception of the property company a 65 unit scheme, Cathedral Court, has generated significant revenue for Havering. The objectives for the company remain the same and will ensure a mix of housing provision best suited to the needs of Havering.

It was noted that this was a very encouraging report and following general discussion,

Cabinet:

1. **Agreed** that the Leader of the Council after consultation with the Cabinet Member for Housing Company Development & oneSource Management, Director of Legal and Governance, the s151 Officer and the Director of Neighbourhoods and following completion of all due diligence will review and approve the detailed business plan and viability assessments relating to individual schemes within the business plan to enable them to proceed.
2. **Agreed** in principle to provide further capital funding to MLH up to a maximum of £58.45m in respect of North Street and Quarles projects through a combination of equity investment and state aid compliant loans. This expenditure to be met from the capital budget for Regeneration and Development within the Approved Capital Programme to be funded from prudential borrowing.
3. **Noted** the estimated gross income, capital financing costs and net income to be generated for the Council in relation to delivery of the MLH business plan as set out in section 7 of this report; and that subject to completion of due diligence, these sums will be used to update the MTFS prior to 2018/19 budget setting in February 2018.
4. **Agreed** that the Leader of the Council after consultation with the Cabinet Member for Housing Company Development & oneSource Management, the Director of Legal and Governance and the s151 Officer will agree the Heads of Terms of all loan agreements.
5. **Agreed** that the negotiation and finalisation of the loan agreements, provided they are broadly consistent with the Heads of Terms, and the decision to release funding subject to satisfactory financial due diligence,

be delegated to the Section 151 officer in consultation with the Director of Legal and Governance.

6. **Agreed** in principle to the disposal of assets (land/buildings) to MLH for best consideration except where it is possible for the Council to accept less than best consideration in which case the sum to be paid will be not less than market rate and delegate to the Director of Neighbourhoods, following consultation with the Director of Asset Management, the Director of Legal and Governance, and the Section 151 officer, authority to determine the principles and processes by which the said assets shall be disposed of and the terms of disposal.

7. **Delegated** to the Leader of the Council following after consultation with Cabinet Member for Housing Development Company & oneSource Management after consultation with Director of Neighbourhoods and the s151 Officer, the exercising of the Council's rights as shareholder to give effect to the above recommendations.

8. **Agreed** that the Council as a shareholder of MLH to the following changes to MLH's Board so it consists of the following Council officers, as well as an external unconnected individual who has relevant experience in the house building sector, alongside MLH's own staff:

- a. Mercury Land Holdings Development Manager
- b. Mercury Land Holdings Project Manager
- c. Mercury Land Holdings Finance Officer
- d. Chief Executive London Borough of Havering (Managing Director of MLH)
- e. Head of Property Services, oneSource.
- f. Independent expert with experience in the sector

5 **BRIDGE CLOSE - BUSINESS PLAN AND JOINT VENTURE PARTNERSHIP AGREEMENT**

The report before Cabinet introduced by the Leader, Councillor Roger Ramsey detailed the regeneration of Bridge Close and the approval sought to establish a Limited Liability Partnership to deliver the scheme which will include a school, health centre and affordable housing.

The objective is to secure comprehensive regeneration in an area which currently consists of poor, dated housing and light industrial units. The site is bordered by the River Rom to the east and the railway to the north. The ring road is on both other sides and this has created an island effect. The east west link in particular, will benefit the regeneration of the whole of west Romford.

A number of options for the regeneration had been considered. The proposed JV LLP will be set up for the specific purpose of developing the Bridge Close site to meet the Council's regeneration objectives. The London Borough of Havering and First Base BCR will each have a 50% membership with the Council retaining the freehold of the entire site.

It is anticipated that a planning application will be submitted mid-2018. The key outcomes based on current modelling are envisaged to be:

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

This will form an important part of the masterplan to regenerate central Romford and generate much needed housing.

As well as being an investor, First Base Limited will provide project and developmental management services to the JV LLP via the Development Management Agreement.

The business will be brought to Cabinet for approval each year and Saville's will provide a guarantee in respect of First Base. Compulsory purchase will be invoked and will give rise to a very generous compensation package and officers will now move to finalise this.

The legal and financial framework will go to Council in February, 2018.

Following discussion,

Cabinet:

1. **Approved** the inclusion of the scheme with a budget of £75.1m within the proposed capital programme that will be considered by Cabinet in December 2017 and recommended to Council for final approval in February 2018.
2. **Noted** that a further report addressing the governance framework and staff resources required to develop and deliver the Bridge Close scheme and other economic development schemes will be presented for consideration and approval by Cabinet in December 2017.
3. **Authorised** the Head of Procurement to publish a Voluntary Ex Ante Transparency notice in the Official Journal of the European Union in

respect of the appointment of First Base Bridge Close Regeneration LLP as development partner

4. **Agreed** to waive the Contract Procedure Rules and Contract Standing orders to the extent necessary to give effect to these decisions.

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

5. **Agreed** to establish a Limited Liability Partnership for the purpose of meeting the Council's regeneration objectives for Bridge Close by entering into a Members' Agreement with First Base Bridge Close Regeneration LLP (company registration number OC413480 (and called FB BCR LLP)) on the basis of the appended Business Case and the Legal Summary appended to the exempt agenda report.
6. **Delegated** to the Leader, after consultation with the Deputy Leader and Director of Neighbourhoods, the authority to agree the name of the JV LLP, negotiate the final detailed terms of the agreements being entered into, and authority to agree that the Council enter into the following agreements:
 - Members' Agreement;
 - Land Agreement;
 - CPO Indemnity Agreement;
 - Any ancillary agreements or documents necessary to give effect to the setting up of the JV LLP in accordance with this Report and its appendices (all as described in the Legal Summary appended to the exempt agenda report).
7. **Authorised** the JV LLP to enter into the Development Management Agreement with First Base Ltd (company registration number 04541136) when in agreed form.
8. **Delegated** to the Leader, after consultation with the Director of Neighbourhoods, authority to agree the terms of the Development Management Agreement referred to in recommendation 7 on behalf of the Council as Member of the JV LLP established in accordance with recommendation 5.
9. **Delegated** to the Leader, after consultation with the Director of Neighbourhoods, authority to approve the first Business Plan of the JV LLP on behalf of the Council.
10. **Delegated** to the Deputy Leader, after consultation with the Director of Neighbourhoods, authority to approve the consultation and communication plans for the regeneration of Bridge Close.

6 **UPDATE ON THE SPORT & LEISURE MANAGEMENT LTD (SLM) CONTRACT AND FINANCIAL IMPLICATIONS.**

Councillor Melvin Wallace, Cabinet Lead Member for Culture and Community Engagement detailed the report to Cabinet. In 2016, Cabinet agreed to award the Council's Sports and Leisure Management Contract for a period of 20 years, from 1st October, 2016, to Sport and Leisure Management Ltd.

This award of contract included investment in new health and fitness facilities at Central Park Leisure centre, the building of a new Hornchurch Sports Centre the operation of the new Sapphire Ice and Leisure and delegated responsibilities to Officers to negotiate a variation to the contract for the operation of Chafford Sports Complex subject to the costs to the Council being mitigated as far as possible. This also included future investment in the Noak Hill Sports centre as a part of the overall contract.

The contract was awarded following a full competitive tendering process. The new state of the art provision will generate a profit to the benefit of Havering Council Tax payers.

The report before Cabinet updated Members of the progress made during the first year of this contract and the resulting financial implications. The budget report will be before Cabinet again as an update in December, 2017 and approval will be sought at Council next week.

Cabinet:

1. **Noted** the progress made under the new contract with SLM;
2. **Noted** the updated revenue financial implications, for inclusion in the Medium Term Financial Strategy;
3. **Noted** that whilst the capital investment is planned to be financed from borrowing, the capital financing costs will be met in full from the net savings to be realised across the lifespan of the contract within the leisure service budget;
4. **Approved** a contribution of £2.111m from the Business Risk Reserve to set up an earmarked Leisure Contract Reserve that will be utilised to support the financial performance of the service until business maturity is achieved in 2023/24;
5. **Agreed** that all budget virements to and from Leisure Services budgets will be subject to approval by the s151 Officer or their representative for the duration of the contract to ensure the integrity of the overall financial model is maintained.

6. **Will recommend** to Council that the capital expenditure and proposed financing as set out within the Exempt Appendix Financial Implications in Table 5 in the report, is approved for inclusion within the Approved Capital Programme.

7 **SOCIAL CARE CASE MANAGEMENT SYSTEM PROCUREMENT**

The Cabinet Lead Member for Adult Social Care, Councillor Wendy Brice-Thompson presented the report to Cabinet, detailing the proposed replacement Social Care System. This will underpin improved social care practice, operational processes and case management. The current supplier announced it would be leaving the market by 2020 and a new award is Ofsted critical. The background to the current position was outlined. The existing system had been heavily criticised by Ofsted in an inspection of Children's Services and as the contract was due to expire a full tendering exercise was required which is detailed fully within the report presented.

Cabinet agreed an amendment to the recommendations represented in paragraph 4 below to give the correct title to the Cabinet Member **and:**

1. **Approved** the project implementation revenue budget of £3.348m (including supplier costs), to be financed from the Transformation Reserve.
2. **Approved** the award of contract for the supply and operation of an adults and children's social care case management system to the successful tenderer for a period of five years plus an option to extend for a further two years from 1st December 2017 at a total cost of £1.803m.
3. **Noted** that the Council will incur contracted annual costs of operation totalling £0.725m over the period of the contract in respect of maintenance and hosting. These costs will be met from social services base budgets
4. **Delegated** to the Chief Operating officer, in consultation with the Lead Member for Financial Management, Transformation and IT, the authority to enter into a contract with Supplier A for the provision of a fully hosted case management system.

Chairman