

## Notice of KEY Executive Decision containing exempt information

Note that Exempt Appendices A and B 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

<b>Subject Heading:</b>	<i>To enter into the Mayor's Affordable Homes Programme 2021-26 Grant Agreement with the Greater London Authority to support the regeneration of the Farnham and Hildene Estate.</i>
<b>Cabinet Member:</b>	<i>Cllr Graham Williamson – Lead Member for Regeneration</i>
<b>SLT Lead:</b>	<i>Neil Stubbings – Director of Regeneration</i>
<b>Report Author and contact details:</b>	<i>Kirsty Moller – Head of Programme &amp; Support (Regeneration)</i> <u><a href="mailto:Kirsty.Moller@havering.gov.uk">Kirsty.Moller@havering.gov.uk</a></u>
<b>Policy context:</b>	<i>Acceptance of grant funding will support Havering's ambitions to provide more genuinely affordable homes for local people.</i>
<b>Financial summary:</b>	<i>This report seeks approval to accept grant funding from the Greater London Authority, for a total of £3.642 million to support the development of the Farnham and Hildene Estate.</i>  <i>This funding will support the 12 Sites programme, which is providing more genuinely affordable homes for local people.</i>

## **Key Executive Decision – Part Exempt Report**

<b>Reason decision is Key</b>	<i>(a) Expenditure or saving (including anticipated income) of £500,000 or more</i>
<b>Date notice given of intended decision:</b>	<i>3<sup>rd</sup> February 2022</i>
<b>Relevant OSC:</b>	<i>Places OSSC</i>
<b>Is it an urgent decision?</b>	<i>No</i>
<b>Is this decision exempt from being called-in?</b>	<i>No</i>

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

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

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

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

- 1.1. For the reasons stated in this report, it is recommended that the Section 151 Officer (in consultation with the Director of Regeneration):
- (a) accepts the offer of £3.642 million in grant funding from the Greater London Authority (GLA) as part of the Mayor's Homes for London: Affordable Homes Programme 2021-26; and
  - (b) approves entering into the terms and conditions of the GLA Grant Agreement affixed to this report at Exempt Appendix B.

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

- 2.1 In accordance with Part 3, Section 3.10.3 (m) of the Council's constitution, the Section 151 Officer may accept grants and the terms and conditions thereof for and on behalf of the Council.

### **STATEMENT OF THE REASONS FOR THE DECISION**

3.1 The proposals in this report will provide financial support for the first tranche of the development. The first tranche is currently being planned and consists of 33 social rent homes and 9 shared ownership homes on the Farnham and Hildene Estate. The project supports the need for good quality, affordable supported housing within the borough.

3.2 This funding is for the first tranche of units in the expected scheme (for completion before March 2029) and the Council will be able to submit further funding bids to the 2021-26 Affordable Homes Programme once initial contracts are completed. Any further bids will be subject to further consultation according to the Council's democratic process.

3.3 This funding from the GLA 2021-26 programme was significantly over-subscribed following the first round of bidding. Given the heavy competition from other housing providers for this grant funding, it would be prudent for the council to accept this funding offer for the first phase of this project. The Council may bid for later phases of the project once GLA funding becomes available to Approved Providers for homes completing after March 2029.

3.4 The Council will be able to draw down 50% of the grant funding when it enters into an unconditional works contract for construction and has met the criteria for starting works on site. The remainder of funding is paid on completion of the new homes. Grant drawdown tranches are included within the project's cashflow forecast and sufficient funding is in place to fund upfront costs before grant is drawn down.

3.5 The GLA Grant Agreement requires the Council to undertake a resident ballot on the basis set out in Section 8 of the Affordable Housing Capital Funding Guide where the Named Project is an Estate Regeneration Project. Funding is subject to the outcome of this Resident Ballot

3.6 The only named project within the agreement is Farnham and Hildene Estate, which will require a Resident Estate Ballot. The ballot vote is currently scheduled for January 2023. Cabinet were notified of this requirement in the Harold Hill Town Centre Delivery Arrangements report for March 2021, confirmation of the specific arrangements for the ballot are subject to a further non-key executive decision, prior to the ballot being conducted.

3.7 Should the residents vote against regeneration for the area in the Residents Estate Ballot, alternative options for the future of the locality will need to be considered. GLA grant funding will not be awarded in the instance of residents voting against regeneration, but we are not prevented from holding further ballot votes in the locality in the future.

3.8 The funding conditions associated with the grant would require the Council to accept and perform its obligations, which the Council are able to fulfil. The full details are set out in Exempt Appendix B, however the main conditions include:

- Regular monitoring of progress to the GLA
- Maintain an accurate record of the scheme in the GLA-OPS system
- Maintain accurate records to enable a future compliance audit
- Let the 26 funded social rent homes at or under the current benchmark rent levels for the relevant financial year
- Advise the GLA of any events that may prevent the completion of the funded homes or impact our status as an Approved Provider

3.9 By accepting grant funding for these social rent and shared ownership homes, the Council will be taking advantage of a limited-time competitive grant offer, as well as freeing up Right to Buy receipts to fund other affordable housing schemes, where grant-funding levels are not as attractive or otherwise out of scope.

## **OTHER OPTIONS CONSIDERED AND REJECTED**

### **4.1 Do Nothing**

By not accepting funding from this grant programme, the Council would be missing a significant opportunity to secure external funding for the housing regeneration programme.

Wider impacts could include a shortage of affordable housing in the borough and therefore more money spent on emergency and temporary accommodation for residents with housing needs.

### **4.2 Use Alternative Funding (e.g. Retained Receipts)**

The Council retains receipts from Right to Buy sales, which must be recycled into providing new housing, either by acquisition or development, or returned to central government with interest.

Whilst this is an alternative source of funding and Right to Buy receipts can be applied to building affordable homes, it is recognised that the grant funding offer is competitive and would allow Right to Buy receipts to be utilised on other planned regeneration projects, which have not secured competitive rates of grant funding.

The use of Right to Buy receipts is restricted to additional homes (this excludes the number of homes that were already on the site before redevelopment) and cannot be used to fund the replacement of social rented homes. As such, scope for the use of Right to Buy receipts is limited on this scheme.

## **PRE-DECISION CONSULTATION**

There is no statutory duty to consult on this decision outside of the Council's governance processes; general consultation has taken place with the Greater London Authority and OneSource business partners.

**Key Executive Decision – Part Exempt Report**

Furthermore, residents have been engaged regarding the redevelopment of Farnham and Hilldene (the named project for this grant agreement) since 2016. The process will include a Residents Estate Ballot for the scheme, as mentioned earlier in this report. The drawdown of grant funding is predicated on a positive resident ballot result.

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

Name: Kirsty Moller

Designation: Head of Programme & Support (Regeneration)

Signature:

Date: 14<sup>th</sup> October 2022

## **Part B - Assessment of implications and risks**

### **LEGAL IMPLICATIONS AND RISKS**

6.1 The Council has a statutory duty under Section 8 of the Housing Act 1985 to consider housing conditions in its district and the needs of the district with respect to the provision of further housing accommodation.

6.2 Furthermore, Section 1 of the Localism Act 2011 gives the Council a general power of competence to do anything an individual can do, subject to public law principles and any prohibition by law. The recommendations in this report are in keeping with this power and the Council has the power to receive grant funding.

6.3 The Grant Agreement requires a solicitor within the Council to give a certificate that amounts to a warranty that the Council:

- (a) has the power and authority to enter into, observe and perform the terms and obligations under the Grant Agreement;
- (b) has obtained all relevant consents and approvals (statutory or otherwise) to authorise the execution and delivery of the Agreement and the performance and validity of the obligations under it; and
- (c) in the execution and delivery of the Agreement and in the performance of its obligations under the Agreement, will not violate any provisions of any existing law, rule, regulation or agreement binding on the Council, and the Agreement constitutes a valid and legally binding obligation on the Council.

6.4 Appendix B to this report sets out the terms of the Grant Agreement including the circumstances for withholding the grant (see clause 17.1) and clawback (see clause 18.2). As part of entering into and throughout the agreement, the Council will be required to provide a number of warranties, including around ability to meet the delivery timescales. In the event the Council is unable to comply, part of all of the grant may be withheld or clawback provisions may apply, unless the GLA agrees to vary these requirements on the GLA open project system.

### **FINANCIAL IMPLICATIONS AND RISKS**

7.1 The financial implications and risks are set out in EXEMPT Appendix A as it contains commercially sensitive information.

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

8.1 There are no human resource implications arising from the proposals in this report.

**EQUALITIES AND SOCIAL INCLUSION 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.

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

9.3 The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

9.4 The acceptance of the grant funding set out in this report would benefit local residents by providing funding to build suitable affordable housing.

### **10.1 Health & Wellbeing Benefits:**

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.

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.

Acceptance of this grant funding will support Havering's ambitions to provide more good quality, genuinely affordable homes for local people, through the development of 42 affordable homes (33 social rent and 9 shared ownership) on the Farnham and Hildene Estate.

This will impact positively on residents 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.

### **10.2 Health & Wellbeing Risks:**

The proposals to increase grant funding for this project do not give rise to any health and wellbeing risks.

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

11.0 The report does not give rise to any negative environmental or climate change implications or risks.

11.1 The regeneration of the Farnham and Hildene Estate will enable the council to build new affordable homes that will be targeted at high levels of energy performance for the proposed development. The new development's design carefully considers energy requirements, the surrounding environment and animal habitats.

11.2 Detailed design is yet to commence. However, the brief will include (where possible) green and brown roofs and green spaces that include bat boxes, bird boxes and insect hotels to create safe animal habitats. The scheme would be aligned with the Havering Biodiversity Action Plan.

11.3 The proposed design would introduce electric vehicle charging and cycle storage to facilitate increased non-car journeys and promote green modes of transport.

11.4 The design brief for the proposed new buildings will aim to optimise best use of natural solar heating and light to benefit from sustainable energy solutions. Where possible, photovoltaic (PV) panels would be introduced on the rooftops, as well as low-flow appliances in apartments.



**APPENDICIES**

**Appendix A** Financial Implications & Risks (EXEMPT)

**Appendix B** Homes for Londoners: Affordable Homes Programme 2021-26 Draft Contract (EXEMPT)

**BACKGROUND PAPERS**

## **Part C – Record of decision**

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

### **Decision**

Proposal agreed

### **Details of decision maker**

Signed 

Name: **Dave McNamara – Section 151 Officer**

Date: 3<sup>rd</sup> November 2022

### **Lodging this notice**

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

#### **For use by Committee Administration**

This notice was lodged with me on \_\_\_\_\_

Signed \_\_\_\_\_