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**MINUTES OF A MEETING OF THE
OVERVIEW & SCRUTINY BOARD
Havering Town Hall, Main Road, Romford
7 May 2024 (7.00 - 9.02 pm)**

Present:

COUNCILLORS

Conservative Group	Judith Holt, Dilip Patel, Keith Prince and David Taylor
Havering Residents' Group	Laurance Garrard (Vice-Chair), Gerry O'Sullivan (Chairman), Natasha Summers and Bryan Vincent
Labour Group East Havering Residents' Group	Trevor McKeever and Matthew Stanton Martin Goode

The Chairman reminded Members of the action to be taken in an emergency.

31 APOLOGIES FOR ABSENCE AND ANNOUNCEMENT OF SUBSTITUTE MEMBERS

Apologies were received from Councillors Mandy Anderson (Trevor McKeever substituting) and Tim Ryan (Judith Holt substituting).

32 DISCLOSURE OF INTERESTS

There were no disclosures of interest.

33 MINUTES

The minutes of the meeting held on 31 January 2024 were agreed as a correct record and signed by the Chairman.

34 CALL-IN OF EXECUTIVE DECISIONS

Officers gave a response to each of the call-in grounds in turn, explaining that both decisions related to the asset disposal programme and also related to earlier Cabinet decisions.

Implications of disposal of the sites to MLH

The rationale for the site disposals was given in the report presented to Cabinet in February 2023. There would be a lower capital receipt to the Council if disposed of on the open market due to the uncertainty of

timescales. Disposal to Mercury Land Holdings would allow a 2-stage payment to the Council aligning with the Council's Capital Programme. Properties would be leased back to the Council, enabling a revenue stream to continue as long as possible. This arrangement may not be possible on the open market.

Potential missed revenue opportunities

Two of the sites were involved were not car parks. The Angel Way car park only produced nominal parking revenue and was in poor condition. There were other Council car parks in Hornchurch that could absorb the demand and mitigate loss of revenue should the Dorrington Way and Keswick Avenue car parks be closed.

Contribution towards housing needs

Planning applications for the sites to be disposed of had not yet been determined. These could potentially include social housing from Mercury Land Holdings.

Land ownership

Officers confirmed that the Council did own the freehold of all the sites in question. There was a boundary dispute concerning the edge of the Angel Way car park and work was in progress to resolve this.

Alternative use of funds

It was clarified that the Council funded Mercury Land Holdings via the General Fund and it was not possible to use these funds for different purposes.

Questions and discussion

A Member asked why no detail of the business case or likely profit from the proposals had been provided. He felt that an individual business case should be provided for each site to ascertain if the £8m loan to Mercury Land Holdings was viable. Officers responded that a breakdown of the sites was given in the exempt appendix but the final unit housing numbers could not be given at this stage.

Cash would not be changing hands in the first phase of the programme, this would be done via equity. There would be a longer term dividend to the Council but it was not to be specific about returns at this stage. The Strategic Director of Finance could give a written response on the likely level of returns. The Council's capital accountant had confirmed that the proposed transactions were acceptable and standard practice for Local Authorities.

It was confirmed that there would be a 2-stage transaction with receipts received shortly after each stage had been completed. The peppercorn rent by which the sites were leased back to the Council was a temporary arrangement to allow the maintaining of car parks until the development works started. One planning consent was granted, a further receipt would be received by the Council.

The Council would provide to Mercury Land Holdings (MLH) a sum in equity equivalent to the value of the site. The Council would charge MLH for this funding and receive interest. It was not possible to complete a detailed business case until planning permission had been granted. The Council would be offered any section 106 affordable housing included in the developments in addition to receiving interest on the loan from MLH.

A detailed business case on developing the sites could be brought to the Board in due course. Members asked who would be paying the interest on the initial payment. Officers responded that this would be included in the second phase of the agreement. MLH was owned by the Council and was not structured to make large profits. Its aim was to make returns to the Council.

It was accepted that the market could fluctuate but MLH had a good record. It was not however possible to avoid these risks entirely – this was the nature of a development company. Members felt that the proposal was more of an accounting exercise but officers emphasised that they were just asking for the site disposals to be agreed, not the overall building scheme at this stage. Members also felt that it was not necessary to wait for the granting of planning permission to decide the business case.

Concerns were also raised that the income generated by MLH would struggle to meet the level of debt repayments. The proposals did not include a business case, an indication of the likely returns nor the number of homes to be built. Members therefore felt that it was not advisable for the Council to spend £8m on this basis. Concerns were also raised that the proposals did not explore how the borough's housing situation would be addressed.

MLH was effectively developing the car park sites for the Council but Members felt that the Council should do this directly itself. The Council had however agreed the approach that MLH should develop the sites itself. As stated in section 6.9 of the MLH business plan, only equity funding would be requested from the Council initially. A diagram showing the business process could be provided although Members felt it would have been useful to provide this prior to the meeting.

A Member asked who had qualified the value of the £8.9m loan and where were the investment strategy and cash transaction. It was clarified that the votes on the requisitions had to be held at the meeting and could not be deferred pending receipt of the business case.

The Strategic Director of Resources confirmed that it was not possible to take any more debt into the Housing Revenue Account. The taking on of a further scheme would breach the overall Housing Revenue Account debt limits. A Member responded that the Housing Revenue Account did not necessarily have to develop all six sites.

The requisition of the decision re Authorisation to provide additional equity funding to Mercury Land Holdings Ltd to enable the purchase of sites in accordance with the approved 2023-26 MLH business plan was **UPHELD** by 10 votes to 0 with 1 abstention. Councillors O'Sullivan, Garrard, Vincent, Patel, Prince, Holt, Taylor, Anderson, Stanton and Goode voted to uphold the requisition and Councillors Summers abstained.

The requisition of the decision re the disposal of sites to Mercury Land Holdings was **UPHELD** by 10 votes to 0 with 1 abstention. Councillors O'Sullivan, Garrard, Vincent, Patel, Prince, Holt, Taylor, Anderson, Stanton and Goode voted to uphold the requisition and Councillors Summers abstained.

35 **CUSTOMER CRM DIGITAL PLATFORM PROGRAMME**

Officers advised that the CRM programme covered a number of services. The Council's aim was to offer a high quality, convenient service for residents accessible both on line and by phone via the contact centre. It had been necessary to replace the previous out of date system. Microsoft applications had been built into the new platform which would save around £50k per year compared to the previous system. Officers were aware that Microsoft support may end in 2026 but alternative products were also available.

It was accepted that issues such as flytipping could be dealt with by several different Council departments. Refinements to simplify how CRM dealt with these types of issues could be implemented over the next 12 months. It was planned to build a consolidated report covering different types of enquiries. A Member suggested it would be helpful if the e-mail giving confirmation of the enquiry number confirmed what address the enquiry related to.

The value for money of the agency staff employed was raised. Officers responded that the numbers of contractors on the team had been reduced but it was necessary to look at the grades of post compared to the private sector.

Security work on the system was now complete and officers were reasonably confident that the more difficult work on the project had been completed. There were 100 licenses used by staff on the current system and this would not be altered. Most staff would however use a version of the web form for which the licenses were much cheaper. If rates of digital usage increased, there would not be a need for any additional licenses.

Customer feedback for areas such as registrars which were on the new system had been broadly very good. The renewal process for green waste collection had also received good feedback. It was clarified that the introduction of the nw waste contract had not impacted on the CRM project.

The Board **NOTED** the report.

36 REPORT OF PARKING ENFORCEMENT TASK AND FINISH GROUP

The Board considered the report of the Parking Enforcement Task and Finish Group and the Chairman recorded his thanks to all Councillors and officers who were involved with the review. It was agreed that a recommendation concerning the 30 minutes free parking in some areas of Havering should be added to the report.

The Board **AGREED** the report and that the report should be referred to Cabinet for consideration and response.

37 EXCLUSION OF THE PUBLIC

On the motion of the Chairman, it was **AGREED** that the public should be excluded from the remainder of the meeting on the grounds that it was likely that, in view of the nature of the business to be transacted or the nature of the proceedings, if members of the public were present during these items there would disclosure to them of exempt information within the meaning of paragraph 3 of Schedule 12A to the Local Government Act 1972.

38 EXEMPT MINUTES OF MEETING, 31 JANUARY 2024

The exempt minutes of the meeting of the Board held on 31 January 2024 were agreed as a correct record.

Chairman

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