



Notice of Non-key Executive Decision

This Non-Key Executive Decision Report is part exempt. Appendices B, C & D, are not available for public inspection as they contain 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.

Subject Heading:	The proposed purchase of homes at Roewood Park for use as affordable housing.
Decision Maker:	Neil Stubbings – Strategic Director of Place.
Cabinet Member:	Councillor Paul McGeary – Cabinet Member for Housing & Property
SLT Lead:	Neil Stubbings – Strategic Director of Place.
Report Author and contact details:	Ian Saxby – Assistant Director of Housing, Property & Assets. Mark Howard – Major Works and Direct Delivery Manager.
Policy context:	HRA Business Plan update 2024/25 & Capital Programme 2024/25-2028/29. Havering Local Plan 2016-2031.
Financial summary:	This report seeks authority to complete the purchase of 47 affordable homes for the HRA, at a price of approximately £11.6m.
Relevant Overview & Scrutiny Sub Committee:	Places Overview & Scrutiny Sub-Committee.
Is this decision exempt from being called-in?	The decision will be exempt from call-in as it is a Non key Decision, taken under delegation.

Key Executive Decision

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.	

Key Executive Decision

Part A – Report seeking decision

DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

In October 2021 a Key Executive Decision was taken, which amongst other things, approved the proposed development of land at Quarles Campus by Mercury Land Holdings Limited (MLH) via a contractual joint venture arrangement with Bellway Homes, comprising 120 homes, and further approved the associated MLH Business Case, along with the relevant loan facility arrangements.

That report said that the proposed 120 homes would be allocated as follows:

- 53 outright sale;
- 47 affordable homes;
- 20 PRS for MLH.

At that time, it was reported that MLH would seek to sell the affordable homes to a registered social landlord or to the Council, subject to negotiation and any necessary approvals.

The planning approval (PA No. P0883.20 – applicants MLH & Bellway) granted by the Local Planning Authority in February 2022, included a Section 106 Agreement, which has determined the housing mix and tenure type for this development, now known as Roewood Park.

Through negotiation, the Council, in its capacity as Housing Authority (HRA) has now been able to reach agreement for the purchase of the 47 affordable homes. Please see Exempt Appendix B for the draft Purchase Contract, and Exempt Appendix C for the Property Schedule.

The 47 affordable homes that it is proposed to purchase, would be located within the development as shown at Appendix A (Block Plan) and would contain the following bed sizes:

- 8 x 1 bed flats;
- 21 x 2 bed flats;
- 18 x 3 bed houses.

The affordable homes, which usefully include 18 x 3-bed houses that are in short supply, would comprise approximately 68% for affordable rent (London Affordable Rent) and 32% for shared ownership, as set out in Table 1 below:

Tenure	Number of Homes
<i>Rent</i>	<i>Rent</i>
1-bed	4
2-bed	10
3-bed	18
<i>LCHO</i>	<i>LCHO</i>
1-bed	4
2-bed	11

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The homes would be purchased on a freehold basis. The homes for rent will be managed within the existing HRA management arrangements. The LCHO homes will be sold on a leasehold basis and managed by the Council's Leasehold Team.

The delivery of the affordable homes would be on a phased basis starting around December 2025 and completing by around the end of September 2026. Each home would have a 12-month defects liability period.

The recently approved HRA Business Plan Update 2024/25 & Capital programme 2024/25-2028/29, includes provision for the proposed purchase of 47 affordable homes, and associated costs, as set out in this report.

It is now appropriate to conclude the purchase.

Recommendations

That the Strategic Director of Place (after consultation with the Strategic Director of Resources and the Deputy Director of Legal & Governance, as required by Cabinet):

1. Approves the contractual arrangement for the purchase of 47 homes by the Council (funded by the HRA) at Quarles Campus (now Roewood Park) at a cost of approximately £11.6 million (excluding SDLT & fees), as set out in this report and Exempt Appendices.
2. Delegates any minor amendments to the purchase contract, and any associated agreements, to the Interim Director of Housing & Property, in consultation with the Council's external legal advisor and/or the Deputy Director of Legal & Governance, as appropriate.
3. Authorises the Deputy Director of Legal & Governance to complete all contract and any other associated documents, as necessary.

AUTHORITY UNDER WHICH DECISION IS MADE

Amongst other things, the HRA Business Plan Update 2024/25 & Capital Programme 2024/25-2028/29, approved by Cabinet in February 2024, contained the following recommendation:

That Cabinet:

'Approve the acquisition of 47 affordable homes by the HRA on the Quarles Campus from Mercury Land Holdings, as detailed in paragraph 4.10 of this report, and delegate approval of the contract terms and completion to the Strategic Director of Place, acting in consultation with the Strategic Director of Resources and the Deputy Director of Legal & Governance'.

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STATEMENT OF THE REASONS FOR THE DECISION

The proposed acquisition of 47 affordable units at Roewood Park, for the HRA, would provide some much needed additional homes for local people.

The tenure mix would include 18 3-bed houses, which is particularly welcome, as they are in relative short-supply.

In addition to addressing the demand for new homes as identified in the Havering Local Plan, the new affordable homes will be made available to households on the housing waiting list, including those potentially at risk of being made homeless. As a result, this acquisition could also help mitigate future General Fund revenue costs associated with homelessness.

The funding of the acquisition and associated costs has been provided for in the HRA Business Plan Update and Capital Programme and a point has been reached where it would now be appropriate for the Council to enter into the Purchase Contract.

OTHER OPTIONS CONSIDERED AND REJECTED

The option of not purchasing the 47 properties for affordable housing is an option that has been rejected because the proposed purchase would provide more affordable homes for local people who need them. It would also help to mediate, at least to some extent, a financial pressures in the General Fund arising from an increased number of people without a home who are having to be placed in temporary accommodation.

PRE-DECISION CONSULTATION

There has not been any pre-decision consultation on this particular report.

Consultation on the proposed development was undertaken by MLH/Bellway and the Local Planning Authority in connection with the planning application (PA No. 0883.20).

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

Name: Ian Saxby.

Designation: Assistant Director of Housing, Property & Assets.

Signature:



Date: 7th August 2024

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Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

Capsticks, a reputable firm of lawyers, have acted for the Council (as Housing Authority) on the agreement of terms and the on the purchase agreement, the key terms of which are set out in this report and its exempt appendices.

It had originally been envisaged that the agreement to purchase would have used a 'golden brick' approach, but the negotiations ultimately resulted in a 'turn-key' arrangement. This arrangement minimises risk to the Council and removed any risk in respect of compliance with procurement regulations.

The property has been independently valued (see Exempt Appendix D) and this supports the proposed purchase.

The Council is authorised to acquire property by virtue of s.120 of the Local Government Act 1972.

FINANCIAL IMPLICATIONS AND RISKS

The HRA Business Plan Update 2024/25 & Capital Programme 2024/25-2028/29, approved at February 2024 Cabinet, makes appropriate provision to support the proposed purchase of 47 new homes, as set out in this report and it's Exempt Appendices.

Authority is requested to commit £11.558 million of capital funding to acquire 47 new homes. The transaction would also trigger an estimated SDLT charge of c. £0.350 million, alongside a further commitment of c. £0.300 million (equivalent to 1.5%) for an employer's agent and legal fees.

	£m
Contract (47 homes)	11.558
Stamp Duty Land Tax (Est)	0.350
Professional Fees (Est)	0.300
Total	12.208

The total commitment of £12.208 million is to be funded from the dedicated acquisitions budget C30620 – HRA Acquisitions. A budget of £83.31m has been assigned on Fusion over the next two years, including £12.208m to progress the acquisition of the 47 homes at Roewood Park.

The direct implications of the transaction was set out in the HRA Business Plan Update 2024/25, approved by Cabinet on 7 February 2024. The homes are set to cost an average of £260k per home (including SDLT and fees), gross of grant and receipts. Exempt Appendix C comprises the Property Schedule which shows the cost per unit, total cost of the purchase, proposed phasing of the build and the deposit and completion sums per property.

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The proposed purchase represents an acceptable cost in terms of value for money, with a projected payback on investment within 20 years.

The 47 properties added to the Council's portfolio of affordable housing stock, would help to reduce homeless cost pressure on the General Fund.

Financial Risks

This is to be a fixed price 'Turn-Key' contract, which effectively places the construction and inflation risk with the developer.

The key risk for the Council are financing, noting that PWLB rates remain high increasing holding costs for the HRA. It is anticipated that rates over the next 12 to 18 months will fall, which could present an opportunity to lower long-term holding costs by refinancing.

Current 5-year Housing PWLB maturity rates are running at 4.19%, 0.11% below the approved HRA Business Plan projection of 4.30%. While this could yield a financial benefit, any such benefit would not fundamentally alter the underlying business case. Over the medium to long term, it is assumed the underlying borrowing would be refinanced.

The Council would assume the full marketing risk on the 15 properties earmarked for shared ownership. Recent evidence at New Green indicates that there is adequate demand for this product. Should it not be possible to successfully market some or all these properties, it would be possible to re-provision these properties for rent, subject to approval from the Local Planning Authority.

Bellway will insure the Properties throughout the build period until practical completion and handover of the units to LBH (as Housing Authority). At that point the Council will need to insure the properties.

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

The proposed decision, of itself, does not give rise to any human resources implications.

EQUALITIES AND SOCIAL INCLUSION 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;

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- (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.

An EqHIA (Equality and Health Impact Assessment) is usually carried out when a current or planned service/policy/activity is likely to affect staff, service users, or other residents. It is acknowledged that in emergency or urgent situations it will not always be possible to carry out an EqHIA in advance of a relevant activity, however, managers will undertake the required EqHIAs at the earliest opportunity

In all situations, urgent or not, the Council will seek to ensure equality, inclusion, and dignity for all.

The proposed decision, of itself, does not give rise to any equalities or social inclusion risks.

The tenure mix, size of units and accessibility for people with disabilities was considered at the planning application stage (PA No. P0883.20) where appropriate conditions were applied and a Section 106 Agreement completed by the Local Planning Authority.

When available, the new rented properties will be allocated and let under the Council's approved policies to residents on the Housing Register, which have been informed by equalities requirements.

HEALTH AND WELLBEING IMPLICATIONS AND RISKS

The proposed decision, of itself, does not give rise to any health and wellbeing risks.

That said, the provision of new, good quality homes, which are well insulated and energy efficient, usually has a positive impact on the health of the people that live in them.

The planning approval, granted by the LPA, requires the developers of Roewood Park to provide a new public open space for everyone to use – which could help to promote physical and mental wellbeing, and they are also required to make a financial contribution to a sports pitch at the Brittons Academy project.

The developers are also required to deliver a new zebra crossing in Whitchurch Road by Tring Gardens, which should help to promote pedestrian safety.

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ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS

The proposed decision, of itself, does not give rise to any environmental or climate change risks.

Environmental and Climate Change issues were considered at the planning application stage (PA No. P0883.20), where appropriate planning conditions were applied to the grant of permission by the Local Planning Authority.

BACKGROUND PAPERS

- Report to Strategic Planning Committee, Havering Collage of Further and Higher Education, Tring Gardens, PA No. P0883.20, July 2021.
- Key Executive Decision (Part Exempt Report), Proposed Loans to MLH for development at Quarles Campus and development at Roneo Corner, October 2021.
- Havering Local Plan 2016-2031, Adopted November 2021.
- Non Key Executive Decision (Part Exempt Report), Approval of Loan Facility Agreements for Mercury Land Holdings, April 2022.
- Cabinet Report, MLH Business Plan 2023-2026, July 2023.
- Cabinet Report, HRA Business Plan Update 2024/25 & Capital Programme 2024/25-2028/29, February 2024.

APPENDICES

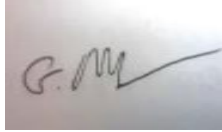
Appendix A	Block Plan, Roewood Park.	Public Agenda.
Appendix B	Purchase Contract.	Exempt Agenda.
Appendix C	Property Schedule.	Exempt Agenda.
Appendix D	Valuation Report.	Exempt Agenda.

Key Executive Decision

Part C – Record of decision

I have been consulted on this proposed decision as required at February 2024 Cabinet.

Signed

A handwritten signature in black ink, appearing to read 'G. Milnthorpe', on a light-colored background.

Name: Gavin Milnthorpe

Cabinet Portfolio held:

CMT Member title: Deputy Director of Legal & Governance

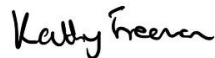
Head of Service title

Other manager title:

Date: 13/11/2024

I have been consulted on this proposed decision as required at February 2024 Cabinet.

Signed:

A handwritten signature in black ink, appearing to read 'Kathy Freeman', on a light-colored background.

Name: Kathy Freeman

Cabinet Portfolio held:

CMT Member title: Strategic Director of Resources

Head of Service title

Other manager title:

Date: 13/11/2024

Key Executive 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: Neil Stubbings

CMT Member title: Strategic Director of Place

Date: 19th December 2024

Lodging this notice

The signed decision notice must be delivered to Committee Services, in the Town Hall.

For use by Committee Administration

This notice was lodged with me on _____

Signed _____