

Notice of Non-Key Executive Decision

Subject Heading:	Novation of National Lottery Project Grant from Arts Council England to Havering London Limited
Decision Maker:	Patrick Odling-Smee, Director of Living Well
Cabinet Member:	Cabinet Member – Adults and Wellbeing
ELT Lead:	Barbara Nicholls, Strategic Director - People
Report Author and contact details:	Manny Manoharran, Head of Community Wellbeing 01708 432132, Manny.Manoharan@havering.gov.uk
Policy context:	People – things that matter to residents
Financial summary:	<p>Arts Council England awarded the London Borough of Havering a National Lottery Project Grant of up to £500,000 for the delivery of “A GOOD LIFE – A partnership catalyst programme of step change for Havering”.</p> <p>The proposed Deed of Novation transfers responsibility for the remaining grant funding and associated obligations to Havering London Limited with effect from 23 June 2025. Any unspent grant monies held by the Council at the date of completion of the Deed will be transferred to Havering London Limited in accordance with the terms of the agreement.</p> <p>The decision does not create any additional financial commitment for the Council. However, the Council may</p>

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	retain liability for any breach or non-compliance arising prior to the effective date of the novation.
Relevant Overview & Scrutiny Sub Committee:	No
Is this decision exempt from being called-in?	<i>The decision will be exempt from call in as it is a Non key Decision</i>

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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

Part A – Report seeking decision

DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

The Director of Living Well is recommended to agree to:

- novate the National Lottery Project Grant Agreement with Arts Council England to Havering London Limited with effect from 23 June 2025;
- the Council transferring any remaining grant funds to Havering London Limited

AUTHORITY UNDER WHICH DECISION IS MADE

Scheme 3.3.3 Powers common to all Strategic Directors

- 1.1 To take any steps, and take any decisions, necessary for the proper management and administration of their allocated directorate, in accordance with applicable Council policies and procedures.

This power has been sub-delegated to the Director of Living Well from 3 April 2024.

STATEMENT OF THE REASONS FOR THE DECISION

The grant provides funding of up to £500,000 to support the design and delivery of 'A GOOD LIFE' – a partnership catalyst programme aimed at enabling a collaborative, cross-sector approach to driving strategic and service transformation in Havering and improving outcomes for local residents. The grant was awarded on 7 February 2025, with delivery scheduled to commence from 1 April 2025 onwards.

HLL has established the necessary organisational infrastructure, including a dedicated staffing structure, a functioning bank account, and independently audited annual accounts, all of which are reported through quarterly trustee board meetings.

In light of these developments, it is now appropriate for HLL to directly receive and manage the grant funding, enabling it to deliver the programme in line with the original Arts Council England application and ensure effective delivery of the intended outcomes for the 'A GOOD LIFE' programme.

Novation is being considered at this stage in order to formally transfer delivery responsibility from the original grant holder to HLL as the delivery organisation. This is necessary to ensure clear legal accountability for grant compliance and programme delivery and to align operational control with the organisation that is now effectively responsible for implementation. It also strengthens governance arrangements by establishing a clear and auditable framework for the management of funds, ensuring

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transparency in financial oversight and reporting. In addition, novation helps to appropriately allocate risk by ensuring that obligations rest with the organisation actively delivering the programme, while providing funders with clear assurance regarding accountability for outputs, reporting requirements and financial controls.

The decision is required to formally transfer the rights, obligations, and liabilities associated with the National Lottery Project Grant Agreement from the London Borough of Havering to Havering London Limited following the operational transfer of responsibility for delivery of the “A GOOD LIFE – A partnership catalyst programme of step change for Havering” project.

The proposed Deed of Novation regularises the existing delivery arrangements, recognising that Havering London Limited has been responsible for the project and in receipt of grant funding since 23 June 2025. Approval of the novation will ensure that the legal and funding arrangements accurately reflect the current governance and operational structure for the delivery of the programme.

Entering into the Deed will also enable future grant payments and contractual obligations under the funding agreement with Arts Council England to be administered directly through Havering London Limited, providing clarity of accountability and ensuring continued compliance with the terms and conditions of the grant agreement.

OTHER OPTIONS CONSIDERED AND REJECTED

1. Retaining the grant agreement with the London Borough of Havering

This option was rejected because operational responsibility for the delivery of the project has already transferred to Havering London Limited. Retaining the grant agreement in the Council’s name would not accurately reflect the current governance and delivery arrangements and could create ambiguity regarding accountability, financial management, and compliance with the funding conditions.

2. Terminating the existing grant agreement and requiring a new application

This option was rejected as it would create unnecessary administrative burden, potential delays to project delivery, and possible disruption to the funding arrangements with Arts Council England. A Deed of Novation provides a more proportionate and efficient mechanism to transfer the agreement while preserving continuity of the project and funding.

3. Informal transfer arrangements without a formal novation

This option was rejected because it would not provide sufficient legal certainty regarding the transfer of obligations, liabilities, and future grant payments. A formal Deed of Novation is required to ensure that all parties clearly understand and accept their respective responsibilities under the grant agreement.

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

Name: Manny Manoharran

Designation: Head of Community Wellbeing



Signature:

Date: 08/06/2026

Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

The proposed deed of novation will legally transfer the rights, obligations and liabilities under the existing grant agreement from the London Borough of Havering to Havering London Limited with effect from 23 June 2025. Once executed, Havering London Limited will assume responsibility for compliance with all terms and conditions of the funding agreement with Arts Council England, including financial management, monitoring, reporting, delivery obligations, and any repayment obligations arising after the effective date. The general power of competence in section 1 of the Localism Act 2011 authorises the Council to do anything that individuals generally may do. There are limitations on the general power of competence, but the limitations do not apply to this decision.

The deed expressly provides that the Council is released from future liabilities under the grant agreement from the effective date of the novation, except in relation to any antecedent breach arising before that date. There therefore remains a residual legal risk to the Council in respect of any breach, non-compliance or liability that may have occurred prior to 23 June 2025.

There is also a risk that failure by Havering London Limited to comply with the grant conditions could result in enforcement action by Arts Council England, including suspension or recovery of grant funding. While the successor grantee assumes primary responsibility following novation, reputational risks to the Council may remain given its role as the original grantee and founding authority.

The novation is considered the most appropriate legal mechanism to ensure continuity of the funding arrangements and to regularise the transfer of operational responsibility. Failure to complete the novation could create uncertainty regarding accountability, governance, and entitlement to future grant payments.

HLL is receiving the £500,000 to deliver 'A GOOD LIFE' on a not-for-profit basis as part of a public-benefit programme commissioned by a local authority partnership. As the delivery is not undertaken in a competitive market and is focused solely on the provision of defined public services, the risk of any subsidy control issue arising is considered to be low.

Legal services will ensure that the deed is properly executed as a deed by all parties in accordance with the Council's constitutional and governance requirements.

FINANCIAL IMPLICATIONS AND RISKS

The Deed of Novation relates to an existing grant award of up to £500,000 from Arts Council England under the National Lottery Project Grants programme for the delivery of "A GOOD LIFE – A partnership catalyst programme of step change for Havering". The proposal does not create any additional financial commitment for the Council beyond those already associated with the grant agreement.

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Under the terms of the Deed, responsibility for the management and administration of the remaining grant funding will transfer to Havering London Limited. Any unspent grant monies held by the Council at the date of completion must be transferred to Havering London Limited in accordance with the Deed.

There remains a potential financial risk to the Council in relation to any breach of the grant agreement, ineligible expenditure, or non-compliance occurring prior to the effective date of 23 June 2025, as the Deed preserves Arts Council England's rights in relation to antecedent breaches by the original grantee.

There is also a broader financial and reputational risk should Havering London Limited fail to comply with the funding conditions following novation, including the possibility of grant recovery action by Arts Council England. Appropriate financial monitoring, governance arrangements, and grant compliance procedures should therefore continue to be maintained by Havering London Limited.

Failure to approve the novation could result in uncertainty regarding accountability for grant administration and may jeopardise the continued receipt and management of grant funding for the project.

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

There are no direct human resources implications arising from this decision.

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.
- (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 EHIA (Equality and Health Impact Assessment) is usually carried out and on this occasion is not required

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In this instance, an EHIA is not required because the work relates specifically to the specialist appraisal of the Grade II listed Bretons buildings. The appraisal is a technical and professional exercise and it will not result in any direct or immediate impacts on staff, residents or service users.

The Council seeks to ensure equality, inclusion, and dignity for all in all situations.

ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS

There are no environmental or climate change implications arising from this decision.

HEALTH AND WELLBEING IMPLICATIONS AND RISKS

There are no direct health and wellbeing risks associated with this decision. Increased cultural activity may have positive indirect impacts on community wellbeing.

BACKGROUND PAPERS

APPENDICES

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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: Patrick Odling-Smee

Cabinet Portfolio held:

CMT Member title:

Head of Service title

Other manager title:

Date:

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 _____

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