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**MINUTES OF A MEETING OF THE
OVERVIEW & SCRUTINY BOARD
Havering Town Hall, Main Road, Romford
25 March 2026 (7.00 - 9.18 pm)**

Present:

COUNCILLORS

Conservative Group	Dilip Patel, David Taylor and Michael White
Havering Residents' Group	Philippa Crowder, Laurance Garrard (Chairman), Bryan Vincent and Julie Wilkes (Vice-Chair)
Labour Group East Havering Residents' Group	Jane Keane and Matthew Stanton Martin Goode

All decisions were taken with no votes against.

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

32 APOLOGIES FOR ABSENCE AND ANNOUNCEMENT OF SUBSTITUTE MEMBERS

Apologies were received from Councillor David Godwin.

33 DISCLOSURE OF INTERESTS

There were no disclosures of interest.

34 CALL-IN OF EXECUTIVE DECISION - BUILD TO RENT - AT THE LOCAL HOUSING ALLOWANCE

Officers advised that the 40 year agreement referred to in the lease was a nominations agreement rather than a lease. If the properties were to not be delivered then the projected savings would not be achieved. A Member asked why no procurement exercise had been undertaken and if this constituted best value. Officers responded that a procurement exercise was not required in this instance but the proposals did represent good value for money for the Council. The Council would receive a significant number of properties at low risk.

Members asked for clarity on the criteria for eligibility for the new homes. It was confirmed that this would be based on the current Council allocation scheme. There would be a selection process to ensure families gained the tenancies and received any additional support required.

All proposed developments would be located in Havering and the Council would not be able to meet the demand for housing without it. A representative of the developers confirmed that they had received Cabinet approval for a similar scheme in another Local Authority.

It was accepted that the proposals had been submitted late to the Council's Forward Plan but the plans had not been rushed overall with discussions with Cabinet progressing for 6 – 9 months. Members asked however how they would be given oversight of the scheme. Officers responded that the Cabinet Member would be involved in each decision set out in the recommendations of the Cabinet report.

The development would be able to reduce the liability of the Council. The proposal was an innovative arrangement and a lot of work had been undertaken with investors. It was emphasised that the Council's commitment was only triggered once the new homes were delivered.

A Member asked if a new Administration felt there had been insufficient scrutiny of the proposals and what penalties would there be if the agreement was cancelled. Officers responded that the overall agreement was unlikely to be finalised prior to the election. Alternative options that had been considered were set out in the Cabinet report. An earlier proposal for modular housing units had not been rejected and had been taken forward in Rainham.

It was confirmed that the Council would not be liable for management fees and that rental collection would be undertaken by the management company. Havering would be liable for uncollected rent within parameters. This division of liability for rent arrears would not have been possible if Mercury Land Holdings had developed the scheme due to Mercury having a publicly funded model.

Detailed issues such as the coverage of void costs would be finalised at a later stage. The developers had reached the stage of agreeing property specifications with the other Local Authority they were working with and had established a practical completion date to hand over to that Council.

It was clarified that the development would consist solely of social housing for Havering residents. It was accepted that there would be a financial commitment required from the Council but this would be less than undertaking a lease agreement for the 40 year period. As shown in the Cabinet report, the scheme would produce net savings in the cost of temporary accommodation. The proposed scheme used a different financial model that would provide good quality affordable accommodation for Havering.

Whilst officers accepted there remained an element of risk on delivery of the project, due diligence had been undertaken as shown in the legal and financial comments included in the report. The proposed scheme would give a much higher proportion of social housing than other Council schemes and

would provide the correct type of housing required for families on the waiting list etc. The Council's powers if the required property standards were not delivered would be part of the contractual arrangements.

It was accepted that one of the proposed sites may have to be resubmitted to Strategic Planning Committee but priority sites would be developed first. There was no plan by the developers to exit the arrangement and a sinking fund and revenue streams had been created in advance. The Council would establish guarantees of continuing standards if a change of supplier should be required. The properties themselves could not be sold over the 40 year timescale and hence would not be impacted by house price inflation.

There would be trigger points agreed for exiting the contract but the Council wished to undertake the commitment for 40 years. It was felt that there was only a low risk to the Council of demand falling and that the demand for housing was likely to remain high. The project could not go bankrupt due to the set up of the vehicle being used. The developers made agreements specifically for each Council but with the same overall terms.

There would be penalty clauses in the contract in case of poor performance. It was confirmed that the Council had an agreement for nomination rights for the new properties. It was emphasised that the proposed scheme required a far more limited commitment from the Council than other schemes using different models. The scheme was in line with the objectives of the developer's investors who sought long term sources of secure income.

The meeting went into an exempt session at this point.

On resumption of the open section of the meeting, the requisition of the Cabinet decision was **NOT UPHOLD** by 6 votes to 5 on the casting vote of the Chairman.

Members voting in favour of upholding the requisition:

Councillor Martin Goode
Councillor Dilip Patel
Councillor David Taylor
Councillor Matthew Stanton
Councillor Michael White

Members voting not in favour of upholding the requisition:

Councillor Philippa Crowder
Councillor Laurance Garrard (plus casting vote)
Councillor Jane Keane
Councillor Bryan Vincent
Councillor Julie Wilkes

Chairman