

Overview and Scrutiny Committee

Minutes

1 July 2021

Present:

Chair: Councillor Sachin Shah

Councillors: Dan Anderson
Jeff Anderson
Sarah Butterworth
Stephen Greek
Jean Lammiman
Chris Mote
Angella Murphy-Strachan
Kanti Rabadia

**In attendance
(Councillors):** Graham Henson
Natasha Proctor
For Minute 168
For Minute 168

**Apologies
received:** Ajay Maru

Absent: Mr M Chandran
Harrow Youth Parliament
Representative
Mr N Ransley
Reverend P Reece
Ms M Trivedi

166. Attendance by Reserve Members

RESOLVED: To note the attendance at this meeting of the following duly appointed Reserve Members:-

Ordinary Member

Reserve Member

Councillor Ajay Maru

Councillor Angella Murphy-Strachan

167. Declarations of Interest

RESOLVED: To note that

- (1) the Declarations of Interests published in advance of the meeting on the Council's website were taken as read;
- (2) Members of the Committee and Co-opted Members who had declared interests remained in the virtual meeting whilst the matters were considered and voted upon.

Resolved Items

168. Harrow Strategic Development Partnership Contract Close and Establishment

Members received a report which presented the final report to the procurement process for the Harrow Strategic Development Partnership (HSDP). The report proposed the set -up of the partnership and sought the approval for execution of the suite of legal documents which would facilitate the establishment of the HSDP and to approve the initial Business Plan which would form the early work programme.

The Chair invited questions from Members under the following topics:

Operational Matter relating to Wates.

Q1. Regarding staffing such as external support, the core team, and the development management team. Would it be right to say they would all be Wates staff?

An officer explained that they were members of Wates staff. With management teams and development managers dedicated to each site individually. They would be supported by experts in particular fields such as finance analysis, sales and marketing as well as input and advise at the early stage from the construction delivery teams.

Wates' staff would be advising the board, it would seem that the advisers would all be coming from Wates. How would you ensure the advice would be impartial?

An Officer explained that the advisers were there to enable Wates to fulfil the services that Wates were obliged to fill under the development management agreement, as they were the appointed development manager. For example, some of that evidence on sales revenue would also be further supported by independent advice on the benchmarking of various bits of data from the wider marketplace. Therefore, Wates would be fulfilling its development management services.

What staff would the Council provide to advise the Board?

The Interim Commercial Director outlined that some partnerships would be staffed by directly employed staff, however this approach was not chosen by the Council and instead the Council decided that Wates, in a development management role would resource the HSDP. It was reassured that relevant Council Officers would be advising the board and it was still being considered

whether commercial advice would be retained by the Council. It should not be felt that Wates were the only ones advising board.

Q2. Regarding the Middlesex window glass and tiles, what would Wates be do with these and had it been costed into the move?

The designs were still to be developed for the civic centre and it was understood that there were a number of items in the Civic Centre to be retained and integrated into the new design of the new Civic Centre. Designs made would incorporate the stained glass and tile mural and be presented once completed.

How would the costs of preserving these artifacts impact the project?

As designs were worked through the cost impacts of including these features would be accounted for during the development of the design.

Q3. Wates were chosen for their commitment to work being done by local contractors in the community. What sort of commitments still stand and how would Wates identify and uphold these commitments?

Those commitments made at the bid stage still stand and some of those commitments were outlined in the business plan. Local spend had been committed to during the construction process for each of the three core sites. But in addition, there would be commitment around employment, skills training, support of local businesses. Wates' involvement with local businesses would go further to support business skills and workshops.

Would it be possible to incorporate an analysis on local spend in the reporting?

It was confirmed that this would be incorporated into the reporting, teams from Wates were already working with the Council for more detailed actions plans to be developed on a site-by-site basis.

Q4. Regarding the Middlesex guildhall art collection. Had any contact been made with the secretary of the trust regarding having an appropriate cabinet for the silverware? Where would the civic portraits go?

Wates were aware that there was a need to have the silverware collection displayed and for the civic portraits to be incorporated into the design. It was acknowledged that there was a need to reflect the heritage of Harrow and for these items to be fully integrated. Wates would want to work with the appropriate people within the Council to ensure that the designs that come forward incorporated these elements in a suitable manner.

The interim Commercial Director noted that the design process would have extensive engagement with the Committee and would be an ongoing process. The Chief Executive also noted that preserving the history of the buildings would need to be reflected in the new building.

Q5. Regarding a culture of no surprises. Were you satisfied from Wates' and the Council's point of view that there would not likely to be any surprises in the future?

An officer from Wates noted that they were satisfied that there would not likely be surprises. There was the HSDP Board in place that would meet on a monthly basis along with delegation policies put into place for key decision making. In addition, the partnership was there to work together and noted that there would be challenges but it would be how challenges were resolved in order to work for both parties.

The Chief Executive noted that it would be likely that challenges would present themselves but at this stage, to forecast these challenges would be difficult. It would be important for the Council and Wates to operate in a transparent way so that unnecessary issues would not be created.

Less than a year away from local elections, this could result in changes to the Council's priorities and the way the Council operates and potentially how the Council wants to operate towards this partnership. What flexibility would there be within this arrangement to account for what might happen at next year's election?

There were flexibilities within the legal documents and it would be possible to change the business plan and the arrangements of what would be proposed to be delivered at a particular site. However, fundamental changes would incur costs and consent would be required.

The Chief Executive reassured that Wates understood the context of the elections and that the result of those elections could mean a change in priorities.

Changes do not actually seem to be easily made and that if the Council decided to dissolve the partnership there would be a penalty cost. Therefore, the Council would likely have to continue with the plan or face huge costs.

The timing of the choice would have an impact on this. Some changes would be harder to reverse, such as construction. Changes would likely be made before the conditions had been met and assets had been transferred. Costs of changes made would be less before planning applications were made.

Q6. Who would be leading the review on the client-side structure to ensure necessary skills and abilities to monitor performance? When would the review be complete? Who would be responsible for actions necessary if training were needed? Would Councillors be involved in the continued training in order for councillors to continue to scrutinise performance?

The review would be led by the Chief Executive and the new Communities Director and would be expected to conclude at the beginning of 2022. Member training would be continued due to importance of having scrutiny within the committee and the HSDP Board.

Q7. Was there any safeguarding in place, due to the uncertainty of next year's election, no planning permission, and no clear plan? Would the transfer of assets be until these were in place?

The Interim Commercial Director noted that the transfer of assets would be unlikely to take place before May 2022. The planning application for Byron would likely be in the early part of Quarter 1 for 2022. The planning application for Peel would then follow in Quarter 2 of 2022. Due to the first condition being the need for viable planning permission it would therefore be unlikely that assets would be transferred before next year's election.

Was planning permission the main condition or were there other conditions to meet that would trigger the process?

There were a number of conditions that would trigger the process examples included: the Council would need to give vacant possession of the site and that there would have to be a funded scheme. It was emphasised that all were important.

Governance and structure

Q1. Could there be comments on the HSDP Board being an all-male and almost all white board?

Councillor Keith Ferry and Councillor Ajay Maru were nominated by the Council and there was a Member panel to recruit an independent person from those that had applied for the role. Regarding Wates' side there had been a few changes recently to the board Members, however it was worth noting that the overall development management team was a diverse team.

A Member stated that equalities, diversity, and inclusion were not reflected in the HSDP board makeup, with more effort should be made to recruit a more diverse board.

Q2. If residents or Councillors were concerned about the way representatives on the HSDP board vote or take actions. Would there be a mechanism to challenge these?

The delegation policy outlined that any major decisions would be taken by the Council. Other significant decisions would go to the Council at various levels or would go to the HSDP Board with the appropriate approvals and safeguards. It was noted that Board Members could be changed if it were necessary.

The Leader of the Council highlighted that a number of Councillors were appointed to external bodies and were acting as representatives of the Council and therefore would be under the governance procedures and conduct procedures set out in the constitution. This would mean if a complaint was heard it would be heard through that practice.

Would there be any protocol for how our board Members should operate or how the Council manage the decisions made within the context of the HSDP?

A protocol of this nature was not currently in place, but the Council could put this into place. It was noted that this would not be a controlled company and should not be treated as such.

Would the partnership be in any way subject to freedom of information act, equality duties and the same standards expected from the Council?

The partnership would not be subjected to the Freedom of Information Act and the other disclosure requirements to which the Council is. Information coming in and from the Council with the partnership would be subject to the Freedom of Information act. However, certain information would be commercially sensitive.

The Chief Executive highlighted that not all interactions would be through the HSDP Board and that there would be opportunities to hold the partnership to account outside of the HSDP Board.

Q3. How were those chosen to be on the HSDP board made?

A Member raised concern over the equality impact the partnership would be subject to which was followed by a response from the interim Commercial Director who noted that the partnership would not be under the same equality duties as the Council. However, the partnership would be subject to the law and the partnership had committed to comply with legislation in all aspects, and this would include carrying out Equalities Impact assessments in the way that the Council would.

The independent position on the board was publicly advertised and publicly applied for and a Member Panel carried out the interviews and chose the candidate.

The Leader of the Council mentioned that one Member was an engineer and town planner with qualifications and experience that supported this. The other Member had emphasised their value when it came to community engagement.

An officer from Wates explained that the board Members brought with them a range of different skill sets, this included Wates' Finance Director, Production Director and Head of Partnerships.

What would be the need to have three other entities under the partnership? Could there be further explanation into why there was an independent nominee for the HSDP board?

An Officer explained that the three nominee companies were common practice for development structures. This would be to establish subsidiaries and enable non-recourse structures in relation to different developmental sites to be delivered through different subsidiaries.

An officer explained that a limited liability partnership (LLP) had to have 2 Members and to be able to incorporate and wholly own a subsidiary, a nominee was needed, which would not have an impact on the governance.

Where were the assets and liabilities being held? Do the subsidiaries have any liabilities, risks, or responsibilities?

An Officer explained that the subsidiaries would have liabilities and obligations but also, the LLP would have liabilities and obligations as funding and profits would be moved to and from the LLP and subsidiaries. It was noted that land ownership would be placed in the subsidiaries. The LLP would have rights over these subsidiaries within this group structure as it would be the holding entity of that structure, it would also have a finance and governance relationship and subsidiaries would not operate independently from the LLP.

Business Planning

Q1. Could not see details of the bedroom numbers of the homes, designs and parking space, was there information on these matters?

An officer from Wates acknowledged that the unit mix was not fully determined, but from the business plan there were some indicative master plans for each of the sites which would be subject to the planning processes, public consultations, and engagement with Council planning officers so that it would be made sure that the each of these schemes were developed in a way that was appropriate.

The Officer also outlined that this would be the case for parking and would be determined once developed and worked through.

With overcrowding being a particular issue, how would we know if the schemes meet the issue of overcoming overcrowding?

A Wates officer explained that more detailed business plans for each of the sites would be brought forward and it should be noted that it was proposed for some houses to be provided at the development on Poets and at Byron and that the Committee's point was noted that the mix developed would need to be appropriate.

These master plans were indicative and would be further developed and worked through with a balance between viability and having the number of units of homes being delivered across the sites.

Would it have been better to have produced planning briefs in advance of the contract being signed?

The Leader of the Council responded by saying that this partnership was designed to do that kind of work. If the Council had continued this project independently it would have required recruiting a high volume of people and incurred a high amount of costs and risk. Whereas this was a partnership with each party bringing particular skillsets to the partnership. The planning briefs and consultations would then take place.

How meaningful would a consultation be after we have signed the contract? Compare to being able to establish certain criteria in advance.

The Leader of the Council mentioned that there would be meaningful scrutiny and consultation at the planning stage, especially when presented to the Planning Committee.

The Chief Executive noted that senior planning officers took part in dialogue and who assessed the bids. This gave reassurance in the context that what had been put forward had a reasonable likelihood of fitting in the London and local planning policy.

The Interim Commercial Director also noted that it was important to have consultation with the Council and Wates both committed to that. It was highlighted that the signing of the contract for this partnership should not be seen as the determining point as to what was built, it would be the viability of the project and for that reason that was why scale and mass was needed. There was flexibility in the project, but changes would affect the land values and the returns.

Q2. How would the partnership know when a consultation had been meaningful? Would there be tracking on where the consultation results came from? Would there be a target to listen to certain groups?

An officer from Wates outlined that a detailed consultation strategy would be put in place, work had already been carried out on the engagement with groups such as businesses, residents, and academic institutions and were engaged with the regeneration and economic development team to make sure lists of who the partnership engages with were comprehensive. Tracking would be put into place to ensure that engagement had been carried out with as wide a spread of the community as possible.

A Member raised that it would be beneficial for the Committee to see those consultation KPIs once developed.

Q3. Why were current residents not mentioned in the partnership charter when it came to consultation? What should the key items be in the business plan? Would it be possible for the flexible parts of the business plan to be highlighted?

There was no intention for existing residents to be excluded. Existing residents would be seen as stakeholders to be engaged with. Future residents had referred to how future residents would be integrated into these developments and for it to be ensured that sustainable and positive communities to be built.

The flexibility of the business plan would be through the annual reviews and also the Councils input into the phased business plans which would ultimately influence the direction of the project.

The interim Commercial Director added that this was the initial business plan, and more detail would be introduced in the next phase of the business plan. The current business plan reflected the Council's ambition and the Partnership's response to those ambitions. The flexibility would be with the Council when key decisions would need to be made.

Q4. Could we get a better understanding as to why the Council's priorities within the borough plan were not shown better in the business plan?

The Leader of the Council noted that the priorities could be seen in previous reports and documents and this particular report was to decide on entering a partnership with Wates. It was acknowledged that the priorities would be better shown throughout the process.

Monitoring, Finance, and the Business Plan

Q1. Why was there a lack of assumptions in the business plan?

The Director of Finance noted that the assumptions were based on the numbers within the business plan, which included contingencies. It would be possible to make this more explicit however, the budget was a financial expression of the business plan.

The interim Commercial Director also noted that there were ranges set within the business plan because there would need to be detailed plans and consultations implemented.

An Avison Young officer noted that Wates had presented an optimum model when their bid was made using the parameters set by the Council. It would give cost neutrality and affordable housing percentages in terms of local policy compliance. Further optimisation would occur once details and designs have been made.

Q2. Would it be possible to get a better understanding as to what the peak debt would actually be?

The Director of Finance explained that the peak debt position was the borrowing that the Council would potentially take on for the investment in the HSDP. The £44m related to the peak debt in the HSDP LLP. There were 2 sets of figures, the financial implications specifically for the Council and then there were the financial implications for the LLP which were both different figures.

Why have no KPIs yet been set?

The draft KPIs were circulated for the construction exclusivity piece which were still under development. In addition, KPIs had not been set as it was important to have KPIs based on the detailed development of each specific site.

Would there not be KPIs set on the outset?

The board were working on setting up their own KPIs and the Committee and Cabinet could suggest KPIs. The Council would ultimately be monitoring the financial performance and monitor the delivery against time and outputs. There would be a customer satisfaction KPI for the new housing as well as KPIs suggested by the Committee to monitor the consultation.

The Chief Executive outlined that the Council had set strategic KPIs and that the detailed KPIs were to follow.

Q3. What had the 2.5% cost inflation rate been based on and what provisions had been put into place as this could change in the future?

An Avison Young officer explained that there was the forecast of inflation Wates received from professional advisers. Both the Council and Wate had worked alongside their advisers to understand additional allowances and for key cost risks to be identified.

Q4. When would public communications go out to inform residents of the details of this partnership?

The Interim Director noted that current reports were in the public domain. Consultation would begin once the design phase had been started which would be in September.

Risk register

Q1. Would it be appropriate for the partnership to be moved ahead when the risk indicators were shown to be amber?

The Interim Commercial Director indicated that it was important to have mitigation in place that could deal with those risks identified, that no development was entirely risk free, and that it was perfectly legitimate to start a project with red risks providing appropriate mitigation was in place.

Q2. Could some of the mitigations be better explained?

The interim Commercial Director noted that these mitigations were in place and summarised and that both sides of the Partnership would understand what would need to happen and be ready to act where appropriate. More detail can always be provided where requested, and the extent of the mitigation will develop as required.

Q3. Would it be a risk not knowing what the public thinks of this project before the partnership went ahead?

The Chief Executive outlined that had been consultations on these schemes at a number of sites previously. That this process had been done within the public domain.

Housing

Q1. Could we get an understanding as to why it had not been mentioned in the report to have a commitment to Council housing?

The Leader of the Council outlined that there had been plans to build Council housing outside of the partnership, some sites might need to be owned by a registered provider. There was a process in the HSDP to determine whether the Council wished to own the housing and the price it would pay. If the Council could afford this following due diligence it could operate this process.

There was always a need to consider the issue of the right to buy which would be detrimental to the Council.

Q2. Once the housing had been built, who would own the freeholds? Would the market homes be sold as freehold or leasehold? Who would manage the private rented sector (PRS) homes?

The interim Commercial Director explained that the freehold of everything except for the houses would be retained by the Council. The house freeholds would be transferred to the end purchaser. The Council's PRS provider would manage and own the PRS homes who would forward fund the development on behalf of the partnership. This provider would be tendered out, procured on the best offer by the partnership.

Accommodation

Q1. How would the partnership provide safe, free access for staff, Members, and residents?

The Chief Executive outlined that it would be difficult to conduct a detailed person-based risk assessment at this time when the building construction would start in 2025. The issue of carparking and for vulnerable people to be looked after would be taken seriously and would need a personalised response and that the safety of people would be taken seriously.

A Member raised concern that 40 carpark spaces and 6 disabled spaces would not be enough to accommodate this risk.

Q2. How would the location of the Depot affect future recruitment?

The Chief Executive highlighted that the Depot would be much better than the current civic centre and had received a lot of positive feedback from staff.

Q3. What would happen to children services during the move between sites?

The Chief Executive explained that the Council would not move sites until there was a viable alternative for children services and housing services.

Q4. Why was there not a business plan for the accommodation strategy?

The Chief Executive outlined that the equivalent could be found through the accommodation strategy and the thorough report on the allocation of finance and resources to support the delivery of the accommodation strategy could be seen. It was acknowledged that this information could be bought into a single place where the progress could be reported to Members.

The Director of Finance raised that this would be reported on quarterly to Cabinet. This would either be in a separate report or incorporated into the quarterly financial monitoring report. The aim would be to get this in the Quarter 2 report for December Cabinet.

Q5. How would the move impact Registrars, IT services and Mayor's Parlour? How would the negative impact on these services be mitigated?

The Chief Executive acknowledged that the interim services would not be perfect. An element of compromise during the move was anticipated and so there had been efforts made to minimise the impact on those compromised services. Additional costs may be needed in order to provide these vital services with the support they need.

The interim Commercial Director noted that visits to the sites were to be arranged for either August or September.

Any other issues

Q1. When would there be an update on the developmental plans for surrounding infrastructure that would be needed alongside the new housing?

The Interim Commercial Director highlighted that Wates had already begun liaising with relevant infrastructure organisations such as flooding and sewer capacity. School implications had already been considered in the plans. An update could be expected when the next set of business plans come forward.

Q2. When could we expect to see the parking strategy?

The interim Commercial Director raised that the options were presented at the accommodation scrutiny meeting and that more detailed plans would come in the next business plan phase.

RESOLVED: That the Committee's comments in relation to the HSDP be forwarded to Cabinet for consideration.

(Note: The meeting, having commenced at 6.30 pm, closed at 9.30 pm).

(Signed) Councillor Sachin Shah
Chair