

Committee/Meeting: Cabinet	Date: 13/02/13	Classification: Unrestricted	Report No: CAB 73/123
Report of: Development and Renewal Originating officer(s) Martin Ling		Title: London Housing Consortium Wards Affected: All	

Lead Member	Cllr Rabina Khan – Cabinet Member for Housing
Community Plan Theme	A Great Place to Live
Strategic Priority	Improving and maintaining the quality of housing and the local neighbourhood

1. **SUMMARY**

Members will be aware that the Council reconfirmed its membership and commitment to the London Housing Consortium LHC at Cabinet on 20th June 2012 .Following the LHC Joint Committee meeting in December 2012, a revised constitution has been proposed which requires the approval of all Member Authorities. This report seeks that approval and the appointment of two members for the LHC in line with the membership criteria set out in the constitution.

2. **DECISIONS REQUIRED**

The Mayor in Cabinet is recommended to:-

- i. Agree the revised constitution for the LHC Appendix 1.
- ii. Appoint two Members, one Executive and one non-Executive to represent the Council on the joint Committee in line with the Council's external appointment procedures.
- iii. Authorise the Corporate Director of Development and Renewal in consultation with the Mayor to agree any future alterations to the Constitution for the London Housing Consortium

3. **REASONS FOR THE DECISIONS**

- 3.1 To enable the Council to continue to contribute to the LHC and benefit from the financial rebate that arises from membership of the organisation.

4. ALTERNATIVE OPTIONS

- 4.1 The Council could withdraw from the London Housing Consortium. If it was to pursue this option it could lead to a loss of revenue and result in higher procurement costs for works to Council owned properties.
- 4.2 It is possible for members to propose amendments to the proposed constitution for the London Housing Consortium but such amendments would need to be agreed by a majority of the members of the LHC Board.

5. BACKGROUND

- 5.1 The LHC is governed by a Board of Elected Members which comprises one voting Councillor representative from the eleven local authority members. The current Chairman is the Cabinet Member for Housing from the London Borough of Haringey and the Vice Chairman is the Cabinet Member for Social Services, Health and Housing from the London Borough of Hillingdon.
- 5.2 In addition to the Full LHC Members, the LHC also currently accepts Associate Members. There are currently 51 LHC Associate Members. The LHC also offers its services to the wider public sector community. There are currently approximately 100 public sector authorities using the LHC as non-members.
- 5.3 Tower Hamlets representatives on the current LHC Board are Cllr Rabina Khan and Cllr Rofique Ahmed.
- 5.4 The objectives have evolved and changed over time so that the LHC now very successfully supports large numbers of local authorities, arms length management organisations and registered housing providers and has the following aims:
- § To provide specialist technical and procurement services related to building programmes undertaken by LHC constituent authorities and other public sector bodies.
 - § To establish, develop and manage framework agreements for the procurement of building components and services for the use and benefit of all constituent authorities and other public sector bodies.
- 5.5 The day to day activities of the LHC are carried out by the LHC Operations Group, a team of 17 professional staff who are employed by the London Borough of Hillingdon. The LHC prepares an annual Business Plan which aims to generate a surplus of income over operating costs. In this way, the work of the LHC is self-financing and has not required any financial support from any of the LHC members and the surplus has been redistributed to all the LHC members who realise a financial gain. Over the past five years, a total sum of £5m has been redistributed. Tower Hamlets has received around £250,000.

- 5.6 Income is generated through levy earned on business transactions through the framework contract agreements and the provision of specialist technical and procurement advice to the LHC members and other public sector bodies which are paid for on a fee basis.
- 5.7 Over the last 45 years, the LHC has built a strong position as a respected procurement consortium for housing and, more recently, schools and corporate buildings. The key benefit to local authorities and other public sector bodies of using the LHC is that they can obtain expert support in critical areas of building procurement, covering quality, efficiency, sustainability and compliance. Through Tower Hamlets Homes, the Council has procured nearly £4m from LHC between 2009 and 2012.

6.0 Governance Arrangements

- 6.1 In June Cabinet agreed to a model constitution for LHC so that it operated as a Joint Committee set up under section 101[5] of the Local Government Act 1972 as amended.
- 6.2 The Joint Committee met on the 7th December 2012 and in ratifying the constitution agreed two further amendments:

Regarding clause 1.3

Replace:

- 1.3 The Joint Committee shall comprise one member from each of the Authorities. Each Authority's representative on the Joint Committee shall be appointed by [insert whoever in the council constitution has power to make the appointment]

with:

- 1.3 The Joint Committee shall comprise two members from each of the Authorities. Each Authority's representatives on the Joint Committee shall be appointed by the Authority's executive, a member of the executive or a committee of the executive, as appropriate. One member shall be an executive member and one a non-executive member.

and replace:

All references to 'Chair' or 'Chairman' with 'Chairperson'.

7. Further Alterations

- 7.1 Since the December meeting further amendments have been proposed to the constitution which can be summarised as follows:-

- 7.1.1 There should be a minimum of two meetings per year (at the moment no minimum number is provided) (Clause 4.1)
- 7.1.2 In accordance with paragraph 39 Part VI of Schedule 12 to the Local Government Act 1972 questions must be decided by a simple majority so the requirement for a two thirds majority for a constitutional change in the current constitution needs to be amended to a simple majority (Clause 9.1)
- 7.1.3 A new paragraph 16 has been added as there was no provision for withdrawal from the Joint Committee. This new provision ensures that at least 6 months notice is given and membership is retained for the full financial year so issues of payment and liability are clear cut
- 7.1.4 A few clerical errors in 7.2, 11.1 , 11.2 and 17 have also been resolved
- 7.2 All of these amendments are reflected in the revised constitution which is appended to this report.
- 7.3 In addition the procedure rules are to be amended by requiring a financial report in the business to be transacted at meetings in the interests of financial monitoring , noting that various officers cannot be excluded from the meeting with the public and the press (as is already provided in clause 7.2 of the constitution) and some other clerical errors resolved.
- 7.4 In order to ensure that any further changes can be dealt with speedily it is proposed that authority to agree changes to the constitution of the London Housing Consortium and their Procedure Rules be delegated to the Corporate Director of Development and Renewal in consultation with the Mayor. This reflect a similar position taken by other authority members of the LHC

8.0 Appointment to the London Housing Consortium Board

- 8.1 The Mayor is asked to agree the appointment of two Members, One Executive and one Non executive to the LHC Board in line with the revised constitution.

9.0 COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 9.1 At its meeting on 20 June 2012, Cabinet gave approval for the Authority to continue as a full member of the London Housing Consortium (LHC), along with various changes to the governance arrangements. This report seeks further approval to confirm the final governance arrangements.
- 9.2 There are no membership fees, and as a full member of the LHC, the Authority benefits from a share of the surpluses generated. This share is dependent upon the amount of work placed by the Council with the LHC, and the Authority has received approximately £250,000 over the last five years. These resources are used to support the HRA capital programme.
- 9.3 The LHC has historically generated significant surpluses, with in excess of £5 million being redistributed to members since 2006. However, it should be

noted that the constituent full members would bear the risk of any deficits that might arise.

10.0 CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL SERVICES)

- 10.1 The functions of the LHC are described in section 4.4 of the report. These are executive functions by virtue of section 9D(2) of the Local Government Act 2000.
- 10.2 In June 2012 Cabinet resolved to enter into formal arrangements made under section 101(5) of the Local Government Act 1972 for the joint discharge of executive functions through a committee and approved a draft model constitution. This report deals with two amendments to that draft model constitution which are proposed by the LHC Board
- 10.3 Arrangements are required to be made in accordance with Part 4 of the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012 (“the 2012 Regulations”). Such arrangements must be made with the person who has power, by virtue of regulations 3 or 4, to make such arrangements. In Tower Hamlets this is the elected mayor.
- 10.4 Appointments to the joint committee are to be made under section 102(1) of the Local Government Act 1972, in the numbers fixed pursuant to section 102(2) of the Local Government Act 1972. By virtue of regulation 11(6) of the 2012 Regulations, the elected mayor has power to make the appointments. Each person appointed should be a member of the Council’s executive or of that authority and the political balance requirements do not apply.(Regulation 12(3)).

11. ONE TOWER HAMLETS CONSIDERATIONS

- 11.1 The financial gains from ongoing membership of the LHC can contribute to funding the Council’s wider community objectives set out in the Tower Hamlets Community Plan.

12. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 12.1 The financial gains from ongoing membership of LHC can contribute to funding the Council’s wider environmental objectives.

13. RISK MANAGEMENT IMPLICATIONS

- 13.1 There are no specific risks in not continuing membership with the LHC but any deficits could impact on the delivery of Council projects or services.

14. CRIME AND DISORDER REDUCTION IMPLICATIONS

14.1 There are no specific crime and disorder reduction implications

15. EFFICIENCY STATEMENT

15.1 The funding gained through membership of the LHC contributes towards the Councils' funds and the efficient delivery of its objectives.

16. APPENDICES

Appendix 1 – Draft constitution for the London Housing Consortium Joint Committee

Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2012

Brief description of "background papers"	Name and telephone number of holder and address where open to inspection.
None	N/A