

<p>Non-Executive Report of the:</p> <p>Overview and Scrutiny Committee</p> <p>19 June 2023</p>	 <p>TOWER HAMLETS</p>
<p>Report of Janet Fasan Divisional Director Legal and Monitoring Officer</p>	<p>Classification: Unrestricted</p>
<p>Call in - Housing Capital Strategy 2023/24: Delivering at pace to increase the supply of new homes</p>	

Originating Officer(s)	Joel West, Democratic Services Team Leader (Committee)
Wards affected	All

CONSIDERATION OF THE CALL IN

A call in request has been received on the decision of Cabinet, 24 May 2023 on Item 6.5 Housing Capital Strategy 2023-26

In accordance with the Council's call in procedure rules, the matter is referred to the Overview and Scrutiny Committee (OSC) for its consideration and to decide whether to refer the matter back to Cabinet for further consideration. The following procedure is to be followed by the Committee for consideration of the Call In:

- i. Chair to invite a call-in member to present call-in.
- ii. Chair to invite members of the Committee to ask question.
- iii. Chair to Invite Cabinet Member to respond to the call-in.
- iv. Chair to invite members of the Committee to ask questions.
- v. Followed by a general debate.

It is open to the OSC to either resolve to take no action (which would have the effect of endorsing the original Cabinet decisions), or to refer the matter back to the Cabinet for further consideration setting out the nature of its concerns and possibly recommending an alternative course of action.

RECOMMENDATION

That the Overview and Scrutiny considers:

1. The contents of the attached report, review the Cabinet's decision (provisional, subject to call in) arising; and
2. Decide whether to accept the decision or to refer the matter back to the Cabinet with proposals and reasons.

INTRODUCTION

On 24 May 2023, the Mayor in Cabinet considered a report on Housing Revenue Account (HRA) 2022 - 25 Capital Programme: Latest position.

As a result of discussions on the report it was **RESOLVED**:

1. Note the alternative delivery approaches set out in the report.
2. To rescind the Cabinet decision of December 2021 to dispose the Bromley Hall/Lochnagar Street site and to instead include that site within the scope of the proposals in the report.
3. The Mayor will approve the Heads of Terms of the final agreements for each development package for the Joint Venture (JV) Development Agreements, following consultation with the Chief Executive and the interim Corporate Director of Resources.
4. Approve a revenue-funded budget allocation of £1.1m from the HRA to cover the professional fees for legal, and consultancy advice and any de-risking activity to potential sites being delivered through the JV Development Agreement approach to enable the alternative delivery route to be established and progressed to the issue of the tender prospectus.
5. Authorise the Chief Executive, in consultation with the Mayor and the interim Corporate Director of Resources, to substitute schemes within the Approved HRA Capital Programme.
6. After prior consultation with the Chief Executive and the interim Corporate Director of Resources, the Mayor will authorise them to take all necessary steps to deliver the approved capital programme, including but not limited to going out to tender, appointing consultants and contractors in accordance with the Procurement Procedures, acquiring land interests, appropriating land from the General Fund to the Housing Revenue Account (HRA) for the delivery of new council homes and exercising other rights of appropriation, subject to approved budget.
7. Note the Equalities Impact Assessment and specific equalities considerations as set out in Section 4 of the report.

The decisions above have been Called-In by Councillors James King, Amy Lee, Sirajul Islam, Shubo Hussain, and Asma Begum. This is in accordance with the provisions of the Overview and Scrutiny Procedure Rules of the Council's Constitution.

In accordance with the OSC Protocols and Guidance adopted by the Committee at its meeting on 4th June 2013, any Member(s) who present(s) the "Call In" is (are) not eligible to participate in the general debate.

REASONS FOR THE CALL IN

The call in requisition from the Councillors noted above has provided reason(s) for the call-in. The reason(s) are replicated below:

The aforementioned Councillors, call in the above decision taken by Cabinet at its meeting on the 24/5/23, they do so on the following grounds:

1. It is in contravention to Part A, Article 3, Section 1, Subsections a, b, e, and h of the Borough of Tower Hamlets Constitution: 'Principles of Decision-Making':

A – **The action is not proportionate to the desired outcome**; many of the sites identified in the report have or have had previously been identified as sites suitable for social housing.

The earmarked sites would do more to satisfy Priority two of the corporate plan in tackling the "acute shortage of social homes" and the aprx. 20,000 households on the housing waiting list, if they were developed as full social housing schemes.

The land value of the estate owned by the borough that it will hand over to private developers is worth far more than what it receives in return. Comparatively the benefits the borough would receive from developing the earmarked sites itself greatly outweigh the benefits it receives from pursuing the developer led development detailed in the report.

With the desired outcome for this decision being the need to meet priority two of the corporate plan the course of actions set out in this report do not seem proportionate to satisfying that need.

B – **This action was taken without due consultation and the taking of professional advice from officers**; Some of the sites identified in this report already exist as social housing or deliver council services to the communities they are located in.

The report does not indicate whether affected tenants, residents, service providers or VCS orgs have been consulted on the proposals.

The comments from the 151 and monitoring officer only cover the legal/financial viability of the proposed scheme and does not include any other

detail. Ideally commentary on alternative courses of actions and the cost benefits associated would be appreciated – as well as any commentary on the impact these arrangements would have on residents/organisations that are tenants and would be affected by the proposals.

E – Lack of clarity of aims and desired outcomes: Across the 12 sites in the report, it states that up to 1000 new affordable homes *could* be delivered.

The lack of clarity and detail as to what will be delivered from this arrangement is concerning considering the council is helping developers profit from 12 pieces of prime, council-owned, real estate.

With the aim of this development being to tackle overcrowding in the borough as cited in the report and in statements delivered by members of the cabinet during the meeting itself further detailed is desired as to how this plan will specifically deal with the issue of overcrowding and whether this approach is the most effective method by which that aim could be realised.

There is a lack of clarity when referring to the types of desired development and housing within the report e.g.,

within the executive summary: the “1000 new homes could be delivered to the council’s target of 4000.”. – Presumably this is referring to the Council’s target of 4000 homes built for affordable rent over the course of a term. Elsewhere within the report there are references to:

“New council homes”, “new homes”, “affordable homes” are also referred to throughout the report – references to different housing models, delivery and budgetary targets require accurate and specific language to ensure that effective scrutiny can take place.

H – Failure to explain what options were considered and giving the reasons for the decision: At section 3 of the report, it details the other options considered for this type of development, but nowhere does it outline the pros/cons, costs/benefits of the different options to the JVDA and therefore not presenting cabinet with alternative options that could have been considered.

There is also no breakdown or explanation as to whether there was any flexibility or room within the HRA to part fund some of these schemes or other options/mechanisms that are available to local authorities to undertake expansion of its housing stock on land it already owns.

This call in is also concerned with the lack of accountability and scrutiny this report allows – whilst acknowledging the mayor amended the recommendations of this report from the floor of the cabinet meeting at R.2 and R.5 (to add himself and the chief executive respectively), there is a large amount of officer discretion afforded to dramatically altering 12 separate sites and the communities they exist in. This call in asks O/S to review whether more scrutiny and democratic accountability could be included in the process.

ALTERNATIVE COURSE OF ACTION PROPOSED

The call-in requisition from the Councillors noted above has provided a proposed alternative course of action. The proposed alternative course of action is replicated below:

- Revisit whether some of these schemes can be included within the HRA.
 - Provide the pros/cons of other methods considered.
 - Include more accountability/scrutiny into the report e.g., including ward cllrs into the approval process, community co-design etc.
 - Provide an estimate as to how many homes will be built by developers across the 12 sites.
-

Linked Reports, Appendices and Background Documents

Linked Report

- None

Appendices

- Appendix 1 - Housing Capital Strategy 2023-26

Local Government Act, 1972 Section 100D (As amended) List of “Background Papers” used in the preparation of this report

- None.