

MINUTES OF THE OVERVIEW AND SCRUTINY BUSINESS PANEL

Tuesday 22 June 2021 at 7.40pm

PRESENT: Councillor Maslin (Chair) Councillors Codd, Bernards, Krupski Millbank, and Muldoon.

The following councillors were present via remote access: Councillors, Holland, Sorba and Wise

Also present: Councillor McGeevor – attending virtually.

Apologies: Councillor Campbell and Councillor Bell.

Presenting Officers:

Kevin Flaherty -Head of Business Committees,

Wendy Nicholas - Strategic Waste & Environment Manager

Angela Bryan - Strategic Development Officer

Fred Nugent - Principal Development and Land Manager

James Ringwood - Housing Delivery Manager

Overview and Scrutiny Manager– Charlotte Dale

1. Minutes

RESOLVED that the minutes of the meetings held on 16 February 2021, 16 March 2021 and 30 March 2021 be confirmed and signed.

2. Declarations of Interest

Councillor Maslin declared an interest in respect of item 4. He said that the report details a scheme for the delivery of new and affordable homes at the Shaftesbury Christian Centre. The site is in his ward and he was a strong supporter of the scheme. He intended to leave the meeting physically for the duration of the consideration of this item.

3. Forward Plan

The Head of Business Committee presented the report.

RESOLVED that the report be noted.

4. Decision made by the Mayor & Cabinet on 9 June 2021:

Organic Waste Contract

4.1 The Chair informed Panel Members that Councillor Muldoon, had asked for this report to be submitted to this Panel for consideration.

4.2 Councillor Muldoon said that he was concerned about the quality of this report. On pages 212 and 213 he counted seven typographical errors. He said that he could not understand why this had happened because it had been signed off by the Executive Director and the cabinet member. He asked whether anything else was wrong with the report. Councillor McGeevor apologised for missing the typographical mistakes. She assured Councillor

Muldoon that there had been careful consideration of the substantive important points around the recommendations in the report

- 4.3 Councillor Codd referred to paragraph 5.4 on page 213 of the report. He said that officers stated that it had not been possible to jointly procure the organic waste service with another borough because of procurement timelines. He asked whether there had been any discussion regarding the possible realignment with other boroughs. He asked whether this could be a possibility for the future; consideration could be given to a joint procurement of 3 or 6 years. The Strategic Waste & Environment Manager said that joint procurement had been considered and discussions had taken place with a number of boroughs. However, their time lines were not in alignment with Lewisham, and officers' priority was to secure a contract earlier because the gate prices were far lower than they would have been in a year or two. It was hoped that there could be alignment in the future with neighbouring boroughs.

RESOLVED that the report be noted.

The Chair then left the meeting and Councillor Krupski took the Chair for the next item.

Allocation of Section 106 funds to support the delivery of new affordable homes at the Shaftesbury Christian Centre site, Frankham Street, Deptford

- 4.4 The Vice Chair informed Panel Members that Councillor Bernards, had asked for this report to be submitted to this Panel for consideration.
- 4.5 Councillor Bernards said that he was concerned about a contract being awarded to J49 because he had not seen any business that they had been involved in and asked whether due diligence had been undertaken for this company. He was also concerned about a contradiction in the papers where it states that J49 was created for this project and the dates that the company was created and the dates that the land was acquired by the current owners were different. He also asked whether other providers had been approached to deliver the same project.
- 4.6 The Principal Development and Land Manager explained that J49 were a body that had been created to fulfil a registered provider function. Due diligence was focused on them working with the social housing regulator to become a registered provider. As part of that process, they had passed the initial assessment. They were now going through the main body of the assessment, which would consider various governance, financial and capability measures.
- 4.7 The Principal Development and Land Manager explained that the approval for the money was conditional on J49, as a new body, passing all of the regulatory, economic and governance requirements. Money would not be

released until the social regulator, who oversees all the social housing in the country, agreed. In addition, J49 had bid for GLA funding, and this would also have to be approved.

- 4.8 The ownership of the land was with the trust and the church. Lewisham would not be in a position to negotiate with anyone else in terms of housing development. Housing would be built over their land so Lewisham were responding to something that the owners were trying to achieve.
- 4.9 Councillor Bernards said that J49 did not have any assets and giving this company a substantial amount of money was, in his opinion, risky. He said that planning permission had been acquired through delegated authority and asked why it had not been submitted to the relevant Committee. The Principal Development and Land Manager said that J49 was a creation of existing bodies. A lot of people involved with due diligence, had been involved in other developments; working with Homes for Humanity and Berkley Homes. Officers recognised that this was a new body so there was a risk. That risk, in terms of the suitability of the body, would be overseen by the social housing regulator and the reason why there was an additional condition around that.
- 4.10 The Principal Development and Land Manager said that planning permission has a monetary value, therefore, there was an asset upon which officers were considering making a charge on, so there would be some possible recompense if the very worst should happen. However, there had been a lot of due diligence with finance colleagues and although there was a risk, officers believed that this had been mitigated as much as possible. J49 were a 'not for profit' organisation so they had strict guidelines regarding their financial reporting. There were also strict guidelines with the social housing regulators. The Housing Delivery Manager said that it was highly likely that the reason that planning permission was not sought from Committee was because there were not sufficient objections. He agreed to investigate and contact Councillor Bernard accordingly.
- 4.11 Councillor Wise asked whether J49 would receive approval to be a registered provider in order to draw down the 106 funding and the GLA funding and what plans were in place if, in the unlikely event, approval was not received. The Housing Delivery Manager said that the company have a loan from an ethical bank, an application for GLA funding and a request for section 106 funding. The project relies on three parts of funding and was standard procedure for any housing development process. If Lewisham do not approve the 106 funding then there would not be a project. Lewisham were providing £1.7m section 106 money to the scheme which was just over £51,000 per unit. The GLA normally pay £100,000 per unit. This was considered to be good value for money for Lewisham.
- 4.12 Councillor Millbank said that residents would be nominated for accommodation by Lewisham at a cost of £51,000, which was good value for money. She said although there was risk, it was important to note that a local charity were willing to offer a lot of land to benefit young people aged 18-35

years. They were working with Bench, a strong housing provider and she understood why officers were pushing for this project because it was a positive for young people in this borough.

- 4.13 In response to questions from Councillor Bernards, the Principal Development and Land Manager said that officers were looking at a possible project start date in July 2021 with a 2 year build plan. Officers would be working with J49 and they would provide officers with a project highlight report every two months and meeting them every month. Every quarter officers would meet with J49 and the GLA to ensure the project was on budget and was progressing. Development was the area that carried the most risk and with these regular meetings, officers would be able to identify any issues at the earliest opportunity and resolved. The Principal Development and Land Manager confirmed officers had been successful in ensuring that Lewisham would have 100% of all nominations despite the fact that Lewisham were contributing considerably less funding than the GLA.

The meeting then went into closed session. It was then

RESOLVED that the report be noted.

The Chair then joined the meeting.

5. Decision by the Executive Director for Community Services

RESOLVED that the report be noted.

6. Scrutiny Executive Protocol.

The Chair presented the report.

RESOLVED that the report be noted.

7. Scrutiny Update Report.

The Head of Overview and Scrutiny presented the report. She said made the following points:

- The first round of Select Committee meetings was currently taking place.
- The Select Committees were agreeing their annual work programmes at these meetings and these will be presented to Business Panel on 20 July 2021 for approval.
- Three task and finish groups (TFG) had been established to look at topical issues of interest or concern. They were being run as collaborative projects with a shared space on MS Teams and using an

agile project management framework to ensure they were effective and timely. The first public meetings would be held shortly.

- It was envisaged that the IFGS would complete their work within 6-9 months, but no later than the end of February 2022
- The Head of Overview and Scrutiny had met with the new Head of Communications recently to discuss communications support to scrutiny. It had been agreed that the residents' e-newsletter each week would include a brief overview of upcoming scrutiny meetings.
- Officers had also agreed that there would be a press release to announce the launch of the task and finish groups.
- In addition, once the new communications team was in place, each scrutiny committee would have an allocated officer who would support the ongoing promotion of meetings and other scrutiny work via social media and other appropriate channels.

RESOLVED that the report be noted.

Select Committee Chairs then provided updates on the work being carried out by each of their Committees.

Healthier Communities Select Committee – Councillor Muldoon said that this Committee met on 21 June 2021. There was a comprehensive update on the covid recovery from some of the key stakeholder in Lewisham including the Chief Executive of the Lewisham and Greenwich trust and a presentation from the Chair of the local medical Committee Dr Simon Parton.

Councillor Muldoon said that the government were progressing swiftly with a health and care bill. He expected it to take away some health scrutiny powers. He expected to have more information as this Bill progressed and before it was passed in the summer.

Councillor Muldoon said that members re-iterated the value of scrutiny to look at the Birmingham and Lewisham African & Caribbean Health Inequalities Review. He said that members agreed that it was crucial that there was scrutiny from a scrutiny committer.

Public Accounts Committee – Councillor Codd said that the first meeting would be held on 7 July 2021. The main item to be considered was medium term financial strategy.

RESOLVED that the report be noted.

8 Exclusion of the Press and Public

RESOLVED that under Section 100 (A) (4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12 (A) of the Act, as amended by the Local Authorities (Executive Arrangements) (Access to Information) (Amendments) (England) Regulations 2006 and the public interest in maintaining the exemption outweighed the public interest in disclosing the information:

Allocation of Section 106 funds to support the delivery of new affordable homes at the Shaftesbury Christian Centre site, Frankham Street, Deptford

The following is a summary of the item considered in the closed part of the meeting.

9. Allocation of Section 106 funds to support the delivery of new affordable homes at the Shaftesbury Christian Centre site, Frankham Street, Deptford

- 9.1 There was discussion about how the GLA were managing risk. The bank had also undertaken due diligence on J49 and believed that they were a suitable company for a loan, which had been agreed. Funding for the project was conditional on the GLA, the bank and the social housing regulator being in agreement. Officers acknowledged that the project was not without risk but there had been a lot of due diligence by the three parties.
- 9.2 The housing management function was discussed. The social housing regulator would be responsible for this and would have to provide an annual business plan, rent setting, and prove many other management skills. Most importantly they must provide support to those renting the properties.
- 9.3 There was discussion about how money would be provided for the project. Members were advised that Section 106 money would be given in two tranches to J49, which is a non-profit making company, set up for the good of the public. J49 would be providing social housing and working with a charity. Members received information as to what would happen if J49 defaulted on the bank loan.
- 9.4 It was noted that Lewisham had a strong tradition of working with its third sector and other organisations for the benefit of the public. A charity was providing land, a mechanism for providing social housing had been set up and all for the benefit of Lewisham residents with Lewisham allocating the places. Although there were risks, the project was being set up for the benefit of disadvantaged local residents. The collaboration with Bench was also positive news.
- 9.5 Councillor Krupski expressed her concern about whether the mortgage payments that the company would have to pay would be secure against the rental value of the properties and whether the client group being allocated to the property would be able to afford the amount of money needed to ensure that the company could pay their mortgage. She was advised that the units would have to be managed in a way that was cost effective ensuring that rent and income was collected. This was part of the steady state position which would be after the development position Lewisham

would be involved with and the social housing regulator would have complete ownership of this at that time. They would have to provide an annual business plan, rent setting, prove that they could manage voids and give support to people if necessary; this was a primary role. With regard to those with complex needs, and unable to pay rent, they would be moved on and the housing unit allocated to someone else. A lot of the management structure should flow from their skills as a registered provider and as a social housing organisation. If all regulatory standards were met, this client group should be managed successfully.

The meeting ended at 8.27pm.

Chair