

Cllr Claire Kober

Leader of the Council



David Lammy MP
Catherine West MP

Date: 3 July 2017

Dear David and Catherine,

Thank you for your letter. The Cabinet and I were keen to ensure that you had a response to the points raised in advance of the meeting this evening and I am concerned that following all of the conversations and correspondence between us on this subject, you feel your questions have not been addressed. As you will no doubt be aware, the Labour Group meeting of 15 June debated this proposal. This has been very carefully considered and this was the third time that Labour Group have debated and agreed to move forward with the HDV. It is therefore the clear policy of the group to support the HDV and pursue this as an opportunity to deliver thousands of desperately needed new homes and jobs in Haringey.

Whilst I completely acknowledge that the national landscape is quite different from a few weeks ago, I do not believe that is justification for renegeing on the commitments made in our local election Labour Party manifesto of 2014 to provide desperately needed more homes and jobs for the people of Haringey.

Funding cuts and constraints on borrowing has meant that local authorities have to find different ways to tackle the housing crisis and create the kind of places that local people want to live. It is for these reasons that councils across the country are exploring new options for funding large scale regeneration – with joint ventures very similar to the Haringey model being explored and adopted by Labour councils in Sheffield and Oxford.

We have over 3000 people in temporary accommodation; the number of people earning below the London Living Wage is going up; and between March and June this year, over 100 children were referred to Haringey social services as a result of either being in unsuitable accommodation or being homeless. Successive governments have failed to deliver on housing and I am determined that we find a better solution than just accepting the crisis as it is.

The Haringey Development Vehicle – a 50/50 partnership between the council and developers Lendlease – is an innovative approach to regeneration that will deliver change local people can benefit from. It will see council land and developer cash and expertise brought together to deliver billions of pounds of investment to Haringey – with more than 5,000 new homes and 7,000 new jobs. But the new homes and improved housing estates – **which it's important** to be clear will come with a right to return on equal terms for all existing council tenants – do not paint the full picture of how the HDV could transform Haringey.

In addition to thousands of new homes, the HDV will see investment in community infrastructure including a new school; new health centre; new town centres with retail, office and community space; and a new library. Alongside this, funding will be made available to invest in skills support and training for local residents and there will be a construction framework that will deliver a range of benefits including a contractual obligation to pay the London Living Wage; jobs for local people; training and apprenticeships; and investment both in terms of money and time to engage with our local communities.

Taking each of the points raised in the bullet points on page 1 of your letter:

- Our Housing Strategy – adopted unanimously by Full Council in November last year – makes very clear what we expect in terms of affordable housing in Haringey. It offers a clear definition of affordability – pegged to average earnings rather than average rents – and is equally clear on the mix of housing that the borough needs. As set out in the papers for cabinet, the first phase of sites proposed for inclusion development by the HDV **meet the Council's target of 40% affordable housing and, within this, will align with the Housing Strategy.**
- **The procurement process now concluding began after the Cabinet's initial decision to pursue the joint venture approach in November 2015.** This has been a very detailed process, following a prescribed format, including the decision on a preferred partner in March this year and in the months since. The external auditor has given us the reassurance that due process has been followed and due diligence has taken place and they have not raised any concerns;
- Questions on due diligence and risk have been repeatedly answered, both at Scrutiny meetings, all-Member briefings and at Cabinet meetings. On several occasions we have set out how risk had been addressed directly through the approach to the legal documentation underpinning the HDV, and the way in which all bidders for the HDV were required to complete – as a first hurdle in the process – a pre-qualification questionnaire which assessed both the financial capacity and the past record of bidders in line with Crown Commercial Service regulations. The procurement process has prevented the release of documents at times, but these questions have never been dodged or ignored and the clearest explanation possible has always been provided.
- As has been made clear on a number of occasions, this is an incremental process, with more Cabinet decisions and a great deal of resident engagement still to come. With all the **HDV's housing estate renewal projects, further work with residents** – to design the future of the area, to formally consult them under section 105 of the Housing Act, and to **understand each household's detailed rehousing needs** – will have to take place (along with a further Cabinet decision) before any land can transfer to the HDV, and therefore before development can begin.
- As set out in the **response to the most recent scrutiny report, published on the Council's website**, this Cabinet decision to establish the HDV and agree its first set of business plans is accompanied and informed by a fully up-to-date financial model, prepared collaboratively by Lendlease and the Council. Its integrity has been verified by independent auditors, and the assumptions (including those taking account of current **market conditions**) and **outputs have been tested by the Council's expert commercial advisers GVA.** This model is an integral part of what will become the business plan and budget for the HDV. However, this is not being presented in the context of a revised Business Case in the format used to support the November 2015 decision. That format was appropriate for the decision being made then, but the level of detail set out in the Cabinet papers supporting the decision to establish the HDV supersedes the content of that Business Case, and the fundamentals of the qualitative the options has not changed.
- As also set out in the recent scrutiny response, we will continue to consider the potential benefits of using a Council-owned housing company to acquire and hold stock on the **Council's behalf.** There is no reason such a vehicle could not acquire homes from the HDV, subject to agreement with the HDV, appropriate budgets being identified, and a full business case and assessment of risk including in respect of exposure to Right-to-Buy.

Meanwhile, the HDV gives us a clear deliverable route to getting homes built – at volume – while keeping our options open for their long-term ownership.

The fire at Grenfell Tower is a terrible tragedy and there are many, many questions that need to be answered. It is far too soon to understand all the factors that led to this appalling loss of life. I have visited the Grenfell Fire Response Team on several occasions and have been kept fully up to date with actions and progress. Council staff from Haringey have been active on the ground in supporting those efforts in both Kensington & Chelsea and in Camden. Whilst I am sure we all wish that the circumstances were very different, I am very proud of Haringey staff – and those from across London – who have sought to help people in this time of tragedy, loss and need.

I am aware of all the developments that you highlight at points 4, 5 and 6 of your letter. The Council position remains that providing new homes is one of the most pressing tasks in meeting the needs of current and future residents, and that all buildings need to meet the required safety standards. You will be aware that Homes for Haringey and the Council have been very active in providing reassurance to local residents and ensuring that all of our buildings are as safe as they possibly can be. We are liaising with the Government, GLA and other government bodies and have complied with every request for information. At the end of last week, I also joined the Deputy Mayor for Housing and Mayor Sir Steve Bullock in meeting with the G15 Housing Associations to discuss what further steps can be taken to ensure residents across London are safe in their homes.

We will adhere to any new safety measures required by the Government or the expert safety panel and the HDV will be required to do the same. Our principal priority is making sure that all current and future housing in Haringey is safe and can be shown to be safe in a way that wins the confidence of residents, business and others including local members. This of course includes Council-owned blocks, and the sites to be owned and developed by the HDV, but extends well beyond that. The Council has a central role to provide this assurance, and reassurance, given both its regulatory and local leadership roles as well as its role as landlord and property owner.

Yours sincerely



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