

### Public Question at Full Council on 27 January 2016

**Question 1** - 50/50 joint venture with Stanhope - this question is for Councillor Cowan.

*When LBHF entered into 50/50 joint venture with Stanhope in March 2014 to deliver hundreds of new homes across the borough, it was envisaged that planning applications to re-develop both Watermeadow Court and Edith Summerskill House would be submitted within 12 months. Yet nearly two years later, these sites stand empty and bricked-up, with no applications having been submitted. Since he formed his administration in May 2014, can he confirm when he, or any member of his cabinet, last attended a board meeting of the joint venture?*

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#### **Response from the Cabinet Member for Economic Development and Regeneration, Councillor Andrew Jones**

Dear Mr Johnson,

Thank you for your enquiry. Following the entering into the conditional joint venture agreement by the previous administration the party identified to provide funding for the two opportunity sites exercised its right to take advice on whether the Council under the previous administration had acted ultra vires in creating a Limited Liability Partnership (LLP). Opinion provided to the funder by a leading QC concluded that the Council had acted ultra vires and that the transaction was at material risk of being wound up. The Council and its JV partner, following detailed discussions with their respective legal teams, sort a second opinion. The second opinion provided by QC refutes the original opinion and concluded that the Council had acted intra vires however as there are competing opinions it was recommended that the LLP be wound up and a new company be set up in its place. This has been a long process which requires full cabinet approval and the report is to be presented to Cabinet on 8<sup>th</sup> February 2016.

During this period the administration has also reviewed its housing strategy in order to provide housing to those most in need. The opportunity sites approved for redevelopment by the previous administration both contained social rented housing however the development plans included in the joint venture contract documents proposed no re-provision of this much needed housing tenure. Consequently the Administration has successfully negotiated a revision to the site specific development plans to include a significant proportion of social rented homes. This amendment also requires full Cabinet approval and is included in the report to be presented to Cabinet on 8<sup>th</sup> January 2016.

As a result of the uncertainty around whether the Council had acted ultra vires in setting up the LLP both parties deemed it prudent not to incur significant expenditure on consultant fees in relation to submitting a planning application. Having said this design work has advanced and pre-application discussions have been taking place with the planning authority. Due to the size of the proposed developments the schemes are referable to the Greater London Authority (GLA) who will need to approve the design and approach to tenure before a detailed planning application can be made. Due to the fact that the GLA are working through a significant volume of applications arranging a meeting to discuss our proposals has been difficult. However a meeting has now been set up on 16<sup>th</sup> February 2016 and the JV anticipates being in a position to submit a planning application in May/ June this year.

In relation to attendance at Board meetings as all previous board members have left the Council the necessary steps have had to be undertaken to appoint new members. During the period where the legal issues were being resolved no Board meetings were held, instead updates were received from officers so that members could monitor progress. Subject to Cabinet approval on 8<sup>th</sup> February 2016 the LLP will be wound up and the new company will be set up with new board members appointed. Board meetings will be held quarterly following the creation of the new company.