



**Cabinet**  
7 February 2022

**Report from the Strategic Director  
of Community Well Being**

**Withdrawal from the London Housing Consortium (LHC)  
Joint Committee**

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Key
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
<b>No. of Appendices:</b>	None
<b>Background Papers:</b>	None
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## **1.0 Purpose of the Report**

1.1 Brent Council (the Council) has been a member of the LHC (London Housing Consortium) since 1966 and has been a member of the LHC Joint Committee since 2013. In January 2013, the Council's then Executive Committee resolved to join and participate in the LHC Joint Committee which had been set up by seven other London local authorities as a joint committee pursuant to section 101(5) of the Local Government Act 1972. The purpose of this report is to seek Cabinet approval for Brent Council to withdraw from the LHC Joint Committee and in the case of its disbandment, to note that members of the LHC agree to consider at a future meeting options for the Council's continued participation in a new LHC corporate entity which is likely to involve other members of the LHC. The LHC has asked for notification of the Council's decision to withdraw from the LHC Joint Committee by 25 February 2022.

## **2.0 Recommendation(s)**

That Cabinet resolves:

2.1 To agree that Brent Council, as one of the ten Constituent Authorities of the London Housing Consortium Joint Committee ("LHC Joint Committee"),

withdraw from the LHC Joint Committee and notify the London Housing Consortium of this decision by 25 February 2022;

- 2.2 To note that the current plan is for the LHC Joint Committee to be disbanded in December 2022 at the earliest and for a new London Housing Corporation corporate entity to take its place.
- 2.3 To note that participation in a new London Housing Consortium corporate entity will be considered and discussed in meetings of the LHC Joint Committee before its disbandment and any decisions regarding Brent Council participating in such a new London Housing Consortium corporate entity will be submitted to Brent Council's Cabinet for consideration and approval.

### **3.0 Detail**

- 3.1 The Council has been a Constituent Authority of LHC (the London Housing Consortium) since June 1966 and has nominated Elected Members to serve on the LHC Joint Committee since 2013. The rationale for joining the LHC Joint Committee was to work collaboratively with other London Councils to improve the procurement of housing and construction products and services. The London Housing Consortium was set up for that purpose in 1966. Up until recently, LHC was one of the few providers of these services. In addition, the Council benefitted annually from a share of LHC's surpluses.
- 3.2 The objectives have evolved and changed over time so that the LHC has successfully supported large numbers of local authorities, arms length management organisations and registered housing providers and has the following aims:
  - (i) To provide specialist technical and procurement services related to building programmes undertaken by LHC constituent authorities and other public sector bodies.
  - (ii) 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.
- 3.3 Much has changed in recent years. The Council no longer relies on LHC for procurement solutions, preferring instead to use its own procurement capability, main contractor services and alternative procurement consortia which sometimes but rarely includes LHC. As an organisation, LHC itself has expanded its operations widely throughout Great Britain servicing around 300 public sector organisations. LHC surpluses are now shared widely across the country resulting in a reduced annual return for the Council. As a Constituent Member of LHC the Council receives an annual community benefit fund from LHC surpluses (conditional on attendances by elected members at LHC meetings) of £10,000. It is envisaged that in a new LHC corporate entity such funds would continue to be available for former LHC Constituent Authorities.

- 3.4 The expansion of LHC's services has also added risk to the LHC Joint Committee, particularly relating to staffing and employer liability, arising from:
- The widespread geographic nature of LHC operations
  - The widespread geographic location of LHC staff and offices
  - The rapid growth of the LHC workforce
- 3.5 Members of the LHC Joint Committee recognised that the dynamic nature of LHC as a commercial enterprise is also at odds with the democratic and regulatory processes that are required by local authorities. It is felt that LHC would benefit from having more autonomy around:
- Governance and organisational design
  - Job design and reward
  - Future provision of pension
  - Financial modelling and risk management.
- 3.6 Consequently, the members of the LHC Joint Committee asked for a review of LHC governance arrangements which concluded that the LHC Joint Committee be disbanded, and a new corporate entity established by LHC. The governance review leading to this proposal has identified new governance arrangements which are more appropriate to the current and future operations of LHC.
- 3.7 In establishing a new corporate entity LHC will be seeking participation from client organisations and other interested parties from across Great Britain, from local authorities, housing associations and other relevant sectors. The LHC anticipates a high degree of interest in organisations wishing to participate in order to:
- Influence the future direction of LHC including the identification of new products and services which could be beneficial to client organisations.
  - Increase learning of technical know-how for use by clients carrying out their own procurement programmes, including such themes as:
    - Net zero buildings and decarbonisation of heat
    - Modern methods of construction
    - Building safety
  - Increase learning of procurement practices to deliver greater social value.
  - Access to LHC grant funding for community investment schemes
- 3.8 Brent Council has benefitted recently from receipt of grant funding for community investment schemes totalling £20,000. The design of the new LHC corporate entity will look to continue to offer grant funding to those Authorities continuing to participate in LHC. LHC would also encourage current Constituent Authorities to consider participation in the new corporate entity.
- 3.9 The Elected Members of the LHC Joint Committee agreed on Friday 3<sup>rd</sup> December 2021 to disband the LHC Joint Committee in favour of creating a new form of corporate entity for LHC following consideration of a LHC Governance Review board paper. Legally, this requires the approval from the respective Cabinets of each LHC Constituent Authority, and the LHC has

requested this approval to confirm withdrawal from the LHC Joint Committee is notified by 25<sup>th</sup> February 2022 at the latest. Hillingdon Council is currently the lead authority of the LHC and it has indicated that its Cabinet will confirm that Hillingdon Council will leave the LHJC Joint Committee.

- 3.10 It is envisaged that the proposed decision to withdraw from the LHC Joint Committee will have no effect on the residents, service users or communities of the Council.

#### **4.0 Financial Implications**

- 4.1 There will be no financial burden accruing to the Council from the disbandment of the Joint Committee. All costs shall be borne by LHC and LB Hillingdon as agreed between the two parties.

- 4.2 As a member of the Joint Committee the Council currently qualifies for a grant from LHC of up to £10,000 per annum (£15,000 for the lead authority, which is currently Hillingdon Council) based on attendance at LHC Board meetings. This will no longer be available if the Council withdraws from the LHC Joint Committee.

- 4.3 It is anticipated in the new LHC corporate entity that such grants will be offered to client organisations participating in the governance of the new organisation.

#### **5.0 Legal Implications**

- 5.1 It is anticipated that there should be a 'clean break' disbandment of the Joint Committee with all LHC's assets and liabilities transferred from the Joint Committee to the new LHC corporate entity.

- 5.2 As the lead authority, LB Hillingdon will work with LHC to ensure effective TUPE transfer of staff and novation of contracts from LB Hillingdon to the new LHC corporate entity.

- 5.3 LHC Joint Committee had been set up by seven other London local authorities as a joint committee pursuant to section 101(5) of the Local Government Act 1972. Once the LHC Joint Committee has been disbanded, the Council's Cabinet will need to decide at a future meeting whether to join and delegate its functions to the new LHC corporate entity.

- 5.4 The remaining legal implications are set out in the main body of this report.

#### **6.0 Equality Implications**

- 6.1 There are no equality implications arising from this report.

#### **7.0 Consultation with Ward Members and Stakeholders**

- 7.1 It has not been necessary to consult with ward members or stakeholders. The Council has not used any of the London Housing Consortium's procurement frameworks for a considerable period of time. The Elected Members of the LHC

Joint Committee agreed on Friday 3<sup>rd</sup> December 2021 to disband the LHC Joint Committee in favour of creating a new form of corporate entity for LHC.

## **8.0 Human Resources/Property Implications (if appropriate)**

8.1 None

### **Related Document:**

Brent Executive Committee report dated 14 January 2013 and entitled "London Housing Consortium – Establishment and Membership of Joint Committee"

**Report sign off:**

***Phil Porter***

Strategic Director of Community  
Well Being