



Strategic Director for Community Wellbeing – Delegated Key Decision

6 December 2021

Report from the Chief Executive

Transfer of Granville New Homes

Wards Affected:	Kilburn
Key or Non-Key Decision:	Key
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
No. of Appendices:	Appendix 1 Consultation Plan Appendix 2 Residents Letters Appendix 3 Equality Impact Assessment
Background Papers:	None
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Sadie East, Director of Transformation, Sadie.East@Brent.gov.uk

1.0 Purpose of the Report

- 1.1 To present the results of the consultation into the proposed change in landlord at First Wave Housing's Granville New Homes Blocks.
- 1.2 For the Strategic Director of Community Wellbeing, in consultation with the Deputy Leader and the Director of Finance, to make a final decision regarding the proposal to transfer Granville New Homes pursuant and further to the decision of the Cabinet dated 11 October 2021.

2.0 Recommendation(s)

- 2.1 The Strategic Director of Community Wellbeing notes the positive outcome of the consultation with residents on the proposed change in landlord at First Wave Housing's Granville New Homes Blocks.
- 2.2 Following the positive consultation, the Strategic Director of Community Wellbeing, in consultation with the Deputy Leader and Director of Finance, gives his approval for First Wave Housing (FWH) to dispose of the following properties which make up the blocks at Granville Road, Princess Road and

Canterbury Road which are collectively known as Granville New Homes:

- (i) 25 intermediate rented properties to i4B Holdings Limited (i4B).
- (ii) 84 social rented units to the Council's Housing Revenue Account (HRA).
- (iii) One leasehold property to the Council's HRA.
- (iv) The freehold interest of the site to the Council's HRA (including the Tabot Centre).

3.0 Background

- 3.1 In February 2021, FWH commissioned a consultant to investigate water penetration, cladding and window issues at FWH's Granville Road, Princess Road, and Canterbury Road blocks (otherwise known as Granville New Homes). The consultant produced a report that recommended that works be carried out at the blocks to remediate these issues. The consultant's report estimated that the cost to FWH of carrying out remediation works would be £13.5m. With the addition of VAT, management fees, contingency, and fire safety works that have already been carried out, the total estimated cost is £18.5m, this is unaffordable for FWH.
- 3.2 Within these constraints, in collaboration with the Council as Guarantor, FWH carried out an analysis into options for funding and carrying out remediation works. The results of the options analysis were presented in a report to Cabinet on 11 October 2021. The report highlighted discounted options and the reasons for their exclusion. Table 2 contains a list of the discounted options.

Table 2 – Discounted options for funding and carrying out remediation works

Option	Comment	Reason for exclusion
Rebuild at higher density	The blocks would be demolished and rebuilt at a higher density to offset demolition and rebuilt costs.	Not possible at sufficient scale to be affordable due to planning constraints, and would require temporary decanting of residents.
Market sale	The blocks would be sold on the open market. This would require vacant possession and therefore require residents to be permanently re-housed.	Would require permanent decanting of residents and would not be an option that could be implemented rapidly due to the decant process.
Transfer to the General Fund	Under this option, the blocks would be disposed of to the General Fund.	The General Fund cannot operate permanent tenanted accommodation (at least not without the consent of the Secretary of State); therefore a full permanent decant would be required.
Disposal to i4B	The blocks would be disposed of to i4B. i4B would carry out remediation works to the block.	i4B cannot afford remediation works. Therefore, this option would require £18.5m equity funding from the General Fund.
Disposal of all FWH stock to the HRA and wind up of FWH	Under this option, all of FWH's 326 properties would be transferred to the Housing Revenue Account (HRA).	This option has not been excluded but is not recommended at this stage as it would delay rectifying the issues in the blocks. The transaction would be highly complex and would require specialist advice and a full audit on a final set of company accounts. This option could still be pursued at a later date.

- 3.3 The reported recommended disposing of the blocks to the HRA – subject to a consultation with residents. The report presented options for structuring a disposal to the HRA, these options are outlined in Table 3. The recommended option, which was agreed by Cabinet, was to transfer the freehold for the blocks including the 84 social housing units, one leaseholder, and Tabot Community Centre to the HRA and 25 intermediate units to i4B and to refinance FWH's debt. This option best balances the costs between the Council's General Fund, HRA and housing companies and ensures the works are carried out as rapidly as possible.
- 3.4 Under this option the total cost would be £14.7m. This figure is inclusive of management fees and contingency. The HRA's apportionment of this is £11.2m and i4B's share is £3.5m. This is less than the £18.5m that would be spent if FWH carried out works. The reason for this is that the FWH £18.5m figure includes VAT and fire safety works that have already been carried out and paid for by FWH. These costs would not be applicable to the HRA/i4B.

Table 3 – Options for transferring blocks to the HRA

Option	Description
1A	Transfer 84 social housing units and one leaseholder and write off associated debt of £9.1m
1B	Transfer 84 social housing units and one leaseholder and refinance the debt
1C	Transfer the 84 social housing units and one leaseholder to the HRA and 25 intermediate units to i4B and refinance the debt
2A	Transfer all 110 units and write off associated debt of £11.6m
2B	Transfer all 110 units and refinance the debt

- 3.5 At its meeting on 11 October 2021, Cabinet agreed to carry out a consultation with residents on the proposed change in landlord (Option 1C) as well as the other discounted options. Cabinet delegated authority to the Strategic Director of Community Wellbeing, in consultation with the Deputy Leader and Director of Finance to review the results of the consultation and make a final decision regarding the disposal of the properties.
- 3.6 This report presents the results of the consultation and recommends that the blocks are disposed of to i4B and the Council's HRA.

4.0 Consultation

- 4.1 In line with guidance from the Regulator of Social Housing, a consultation has been carried out with residents on the proposed change in landlord. Brent Housing Management (BHM), as the managing agent for both FWH and i4B, led on the delivery of consultation with the support of FWH and i4B representatives. The consultation aimed to provide residents with details of the options considered, inform on how the transfer would affect them directly, and give an opportunity to inform the process for transferring the homes to both the HRA and i4B. Appendix 1 contains the full consultation plan.

4.2 The consultation launched on Monday 25 October and completed Tuesday 16 November 2021. The residents were consulted through a variety of methods to ensure they had an opportunity to express their views, this included:

- The hand delivering of letters to all residents outlining the proposals and the consultation. Letters were issued twice: once at the start of the consultation and then midway through informing residents of how to submit their views. Appendix 2 contains the letters that were sent to residents.
- Door knocking was carried out by the patch housing officer. All homes were visited (although not all residents were in). Out of the 110 homes, 37 individual tenants were spoken to. The housing officer received no objections to the proposed changes.
- To ensure that tenants who were unavailable during standard working hours were also contacted, officers called all tenants that had not been visited in person. 72 residents were called of which eight confirmed they were happy for the changes to go ahead and 23 expressed a want to attend the virtual meetings scheduled.
- An online residents meeting for FWH tenants being consulted on becoming Council tenants was arranged. Of the 23 that signed up to attend five residents attended.
- An online residents meeting for FWH tenants being consulted on becoming i4B tenants also was arranged. This was attended by one resident.
- A letter was also received by one resident who was supportive of proposals.
- The focus of questions and comments raised by residents at these events was on the works to the building rather than any objections to changing the landlord.

4.3 An equalities impact assessment (EIA) has been carried out. This can be seen in appendix 3. Further details can be found in section 6, in particular paragraph 6.2.

4.4 The consultation ended on 16 November 2021. The outcome of the consultation is as follows:

- No objections were received from FWH residents who under the proposed change of landlord would become Council tenants.
- No objections were received from the FWH leaseholder who under the proposed change of freeholder would become a Council leaseholder
- No objections were received from FWH residents who under the proposed change of Landlord would become i4B tenants.

4.5 All residents who participated in the consultation expressed a keenness for works to start as early as possible.

5.0 Next steps

- 5.1 The final decision is due to be made on 6 December. The decision will be subject to a five day call in period. If the recommendation is approved the target transfer day will be at the end of February. A project plan has been developed with the relevant departments including housing and legal to carry out the necessary actions required.

4.0 Financial Implications

- 4.1 The financial implications are included in the 11 October 2021 Cabinet Report and they remain pertinent in respect of this report. The Strategic Director for Community Wellbeing is asked to read and consider those implications as set out in paragraphs 11.1 to 11.5 and 14.1 of the report that was presented to Cabinet on 11 October 2021 before making the decisions which this report is inviting him to make.

5.0 Legal Implications

- 5.1 The legal implications are set out in section 13 in paragraphs 13.1 to 13.16 of the 11 October 2021 Cabinet report and they remain pertinent in respect of this report. The Strategic Director for Community Wellbeing is asked to read and consider the legal implications as set out in section 13 of the report that was presented to Cabinet on 11 October 2021 and also Appendix B to that report, which was exempt from publication on the grounds of legal professional privilege, before making the decisions which this report is inviting him to make.

6.0 Equality Implications

- 6.1 An EIA was undertaken during the consultation to review how the transfer of properties would impact residents especially those with protected characteristics. The consultation period enabled residents to voice concerns to officers through door knocking exercises, letters, calls to residents and virtual consultations. It also provided officers with the opportunity to assess how the proposed change would affect those under the Equality Act.
- 6.2 The assessment found the impact to residents of Granville New Homes would be minimal. Those with protected characteristics were not found to be disadvantaged by the proposed changes. There will be potential positive health benefits for all tenants once the remediation work is completed. Any First Wave Housing tenants that would become a Council tenant would receive enhanced tenancy rights.

- 6.3 The full EIA can be seen in appendix 3.

7.0 Consultation with Ward Members and Stakeholders

- 7.1 Ward members have been consulted.

8.0 Human Resources/Property Implications (if appropriate)

- 8.1 N/A

Related documents:

11 October Cabinet Report - Proposal for ownership and refurbishment of Granville New Homes blocks

Report sign off:

Carolyn Downs

Chief Executive