

	Officer Key Decision
	Report to the Director, Housing Services
	Cabinet Member for Housing and Resident Services (Councillor Donnelly-Jackson)
Authority to Enter into a Grant Agreement for Cladding Safety Scheme – Granville Homes	
Wards Affected:	Kilburn
Key or Non-Key Decision:	Key Decision
Open or Part/Fully Exempt:	Open
List of Appendices:	None
Background Papers:	None
Contact Officer(s): (Name, Title, Contact Details)	Giuseppe Coia Major Works and Refurbishments Manager Giuseppe.Coia@Brent.Gov.Uk Tel: 07776665790

1.0 Executive Summary

- 1.1 This report requests approval to enter into a grant agreement with The Homes and Communities Agency (trading as Homes England) via the Cladding Safety Scheme for the remediation of Granville Homes.

2.0 Recommendation(s)

That the Director, Housing Services:

- 2.1 Approves the Council entering into a grant agreement with Homes England for the purpose of funding the remediation of Granville Homes. The initial amount of grant awarded is £1,585,000.
- 2.2 Approves the Council entering into further grant agreements with Homes England for the remediation of Granville Homes, estimated at a maximum £3,627,500, subject to formal award from Homes England.

3.0 Detail

Contribution to Borough Plan Priorities & Strategic Context

- 3.1 This framework contributes to the Borough Plan and other strategic policies as follows:
- 1 A Cleaner, Greener Future – the remedial works will include specifications that are sustainably sourced. There will be high levels of energy efficiency in the properties that will lead to reduced fuel usage and bills for residents.
 - 2 Thriving Communities – the contractors will provide support to the local community in terms of work experience and computer equipment.
 - 3 A Healthier Brent – the works will eradicate the issues of water penetration and dampness, and risk of fire spread within the properties.
 - 4 Climate & Ecological Emergency Strategy – the design and resultant works will contribute to the Council achieving its climate emergency targets.
- 3.2 These priorities re-affirm the Council's ambition to continue building new Council homes with a target of 1,700 homes by 2028 and improving the quality of housing across the private sector and in the Council's own housing stock. Housing is also a key stakeholder in the delivery of Green Neighbourhoods both through the engagement with Registered Providers and investment in Council owned homes, specifically retrofitting poorly performing housing. It is acknowledged that whilst Housing is not specified in the remaining priorities set out in the borough plan, a safe, suitable, and secure place to call home is a foundation for Thriving Communities, for The Best Start in Life, and a Healthier Brent.
- 3.3 Other strategies that are relevant to Housing include.
- Black Community Action Plan
 - Climate and Ecological Emergency Strategy
 - Homelessness and Rough Sleeper Strategy
 - Equality Strategy
 - Health and Well-being Strategy
 - Procurement Strategy
 - Local Plan
 - Inclusive Growth Strategy

Background

- 3.4 The council has been successful in its application to Homes England via the Cladding Safety Scheme (CSS) for assistance with the remediation of Granville Homes. The grant funding will be awarded incrementally as it is based on individual grant applications. This is governed by Homes England, and they are not viewing the applications holistically. This is as per the scheme guidance.
- 3.5 Officers have submitted separate applications to the CSS for the following properties:

91-109 Canterbury Road, Canterbury Road, Kilburn, London, NW6 5SR
5 Princess Road, Princess Road, Kilburn, London, NW6 5AL
153 Granville Road, Granville Road, Kilburn, London, NW6 5AR
14 Princess Road, Princess Road, Kilburn, London, NW6 5AN
121-149 Granville Road, Kilburn, London, NW6 5AR
21-43 Granville Road, Kilburn, London, NW6 5AR

- 3.6 Note that there are various low-rise flats and maisonettes also requiring remediation attached to the above blocks, and it appears likely that they will be included in the grant funding allocations.
- 3.7 The application for 21-43 Granville Road, Kilburn, London, NW6 5AR has been refused as the block is below 11 metres in height. However, Homes England has indicated that the block may be considered under the forthcoming Low-Rise Grant.
- 3.8 The funding is intended to assist local authorities and landlords with the funding or partial funding of remediation works to their stock if it has non-compliant cladding. The funding only covers the cladding remediation and costs associated with replacing the cladding, such as surveys, design, procurement, scaffolding and preliminary costs.
- 3.9 The Council is expected to fund the balance of the remediation costs and all other works that are not directly linked to the remediation works.
- 3.10 Homes England have advised that they will pay the approved amounts when the Grant Funding Agreements have been executed. This is so the Council can expedite design and procurement to prepare a Works Package for the property. It is expected that a further grant award for the works will then be considered. This process is expected to be replicated for all 5 blocks above.
- 3.11 Officers applied for the grant funding using an on-line portal set up by Homes England. The application required various data to be provided:
1. Property details.
 2. Evidence of consultation with residents.
 3. External wall fire risk assessments.
- 3.12 The initial awards are attached to this report.

Grant Award

- 3.13 The grant award to date is for pre-contract tasks. Three grant applications have been approved totalling £1,585,000.
- 3.14 The list of applications is as follows. Note that there is a total of 25 dwellings leased by i4B.

BLOCK ADDRESS	NOTES	INITIAL AWARD	STATUS	ESTIMATED WORKS PAYMENT
91-109 Canterbury Road, Canterbury Road, Kilburn, London, NW6 5SR	Contains 1 i4B Dwelling	£667,500	Proposed	£ 1,001,250
5 Princess Road, Princess Road, Kilburn, London, NW6 5AL	Contains 20 i4B Dwellings	£667,500	Proposed	£ 1,001,250
153 Granville Road, Granville Road, Kilburn, London, NW6 5AR		£250,000	Estimated	£ 375,000
14 Princess Road, Princess Road, Kilburn, London, NW6 5AN		£250,000	Proposed	£ 375,000
121-149 Granville Road, Kilburn, London, NW6 5AR	Contains 2 i4B Dwellings	£250,000	Estimated	£ 375,000
21-43 Granville Road, Kilburn, London, NW6 5AR	Rejected as Low-Rise; Contains 2 i4B Dwellings	£0	Refused	£ -
	ESTIMATED TOTALS	£2,085,000		£ 3,127,500

3.15 It expected that the total grant funding could be £5M.

3.16 The funding is required to partially fund the remediation of Granville Homes. The objectives of the funding are consistent with the Council objectives and priorities as required by Financial Regulation 9.1.2.

3.17 The Cabinet Member for Housing and Resident Services was consulted when making application for the grant.

3.18 In order to receive grant funding, the Council is required to enter into a grant agreement. It will be necessary to ensure that the Council is able to comply with the GLA grant conditions,

3.19 The balance of the cost of the remediation works will be funded by a combination of contributions from I4B and borrowing, as laid out in the Financial Considerations.

4.0 Stakeholder and ward member consultation and engagement

4.1 The Cabinet Member, ward councillors and residents have been advised of the grant application.

5.0 Financial Considerations

5.1 The remediation works are to be carried out by the Housing Revenue Account (HRA), and the total cost of works is currently in negotiation.

5.2 Under the terms of the grant, Homes England will fund remediation works for all buildings deemed eligible. This grant is for the initial pre-contract evaluation costs.

- 5.3 Officers have reviewed the terms of the grants and consider that the Council will be able to comply with the grant conditions.
- 5.4 Out of 110 dwellings, 1 is a leasehold property, 84 are social rented and 25 are intermediate rented and owned by i4B Holdings Ltd. I4B Holdings Ltd will be required to cover the costs for their properties.
- 5.5 A £3.28m provision has been set aside within the HRA for the purpose of these remediation works to cover the difference between the estimated cost of works available at the time (£18.6m in total, with the HRA portion being £14.38m) and a projected asset value (£11.1m) held by the HRA post works.
- 5.6 Once the value of the improvements has been determined, the remediation element of the cost can be reviewed against the asset value. The difference will be the revised provision and a year-end adjustment against the existing provision will be required.
- 5.7 If the cost of works (after adjusting improvements) is higher than £18.6m, the provision will need to increase to reflect that. This is likely to result in significant financial pressures for the HRA and risks to its solvency. With high levels of uncertainty around the inflation and interest rates, rising cost of major works, increasing complexities of additional requirements to building standards, such as fire safety, energy efficiency works and decarbonisation, the HRA is under significant financial pressures, making borrowing unaffordable. The HRA operating reserve currently stands at £3.7m, with a forecasted deficit of £2m in 2025/26; this would leave an operating reserve at £1.7m. For example, if the net remediation cost was £20.3m (£18.6m + £1.7m), this would remove the operating reserve.
- 5.8 There is an existing capital budget for these works. The funding as far as possible will be from the grant and future grants. Any additional costs above this will likely need to be funded from borrowing or the £13m annual major repairs reserve budget. This could place significant pressure on the HRA or impact the Council's ability to deliver other works.
- 5.9 Where possible, officers are seeking to reduce the need to borrow by working with the contractor to descope elements of the remediation and win grant funding.
- 5.10 Corporate Director for Finance and Resources has approved entry into the grant funding agreement as required by the Financial Regulations.

6.0 Legal Considerations

- 6.1 In accordance with section 9 of the table at paragraph 9.5 of Part 3 of the Constitution, submission of bids for additional resources from government and other bodies is a decision for a Corporate Director in consultation with the relevant Cabinet Member. Officers have confirmed in Section 3 that relevant approval and consultation was obtained.
- 6.2 The Director, Housing Services has delegated authority pursuant to paragraph 9.5 and 9.7 of Part 3 of the Constitution and Financial Regulation 8.2.2 of Part 2 of the Constitution to enter into grant funding arrangements. In doing so, the Director must ensure that the objectives of the grant agreement are consistent with the Council objectives and priorities in accordance with Financial Regulation 9.1.2.
- 6.3 As the Council will be an accountable body in respect of grant funding and in accordance with Financial Regulation 9.1.1, the Director of Housing Services must only exercise delegated powers to enter into grant funding arrangements where the Corporate Director, Finance and Resources approve entry into such arrangement. The Corporate Director, Finance and Resources has confirmed in the Financial Implications approval to entry into the grant agreement.
- 6.4 The Council is required to enter into a formal grant agreement. Legal Services have reviewed the grant agreement and can confirm that it is legally permissible for the Council to enter into the grant agreement.
- 6.5 The Council's power to apply for grant funding and enter into a Grant Agreement can be found under section 111 of the Local Government Act 1972, or under the power of general competence set out in section 1 of the Localism Act 2011.
- 6.6 Section 1 of The Localism Act 2011 provides that the Council may do anything "which individuals may generally do". This is a free-standing power of general competence which is subject to section 2 of the Act. The Council would not be able to rely on the S.1 power where a pre-existing power sets out more specific restrictions, or where a post-commencement power indicates that the power of general competence is excluded.
- 6.7 Any grant funding received will be subject to certain conditions such as, the grant money is to be spent on capital, and the scheme will be delivered to programme to agreed dates. Failure to adhere to such conditions could require the Council to refund some or all of the grant received.

7.0 Equity, Diversity & Inclusion (EDI) Considerations

- 7.1 Pursuant to s149 Equality Act 2010 (the "Public Sector Equality Duty"), the Council must, in the exercise of its functions, have due regard to the need to:
- (a) eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and

(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it,

7.2 The Public Sector Equality Duty covers the following nine protected characteristics: age, disability, marriage and civil partnership, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

7.3 Having due regard involves the need to enquire into whether and how a proposed decision disproportionately affects people with a protected characteristic and the need to consider taking steps to meet the needs of persons who share a protected characteristic that are different from the needs of persons who do not share it. This includes removing or minimising disadvantages suffered by persons who share a protected characteristic that are connected to that characteristic.

7.4 There is no prescribed manner in which the council must exercise its public sector equality duty but having an adequate evidence base for its decision is necessary.

7.5 The proposals in this report have been subject to screening and officers believe that there are no adverse equality including health equality implications.

8.0 Climate Change and Environmental Considerations

8.1 The works will involve the design and specification of highly energy efficient materials and components. This will include specialist energy efficiency and environmental technical advice. This will support the Council's Climate Emergency Strategy.

9.0 Human Resources/Property Considerations (if appropriate)

9.1 There are no implications for Council staff.

10.0 Communication Considerations

10.1 A comprehensive engagement and consultation plan will be developed and implemented in relation to the residents affected by the works.

Report sign off:

Spencer Randolph
Director of Housing