



**Cabinet  
15 July 2019**

**Report from the Strategic Director  
of Regeneration, Environment and  
Property**

**Acquisition of Gloucester & Durham Blocks, South Kilburn**

<b>Wards Affected:</b>	Kilburn
<b>Key or Non-Key Decision:</b>	Key Decision
<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>	Part Exempt – Appendix 1 is exempt as it contains the following category of exempt information as specified in Paragraph 3, Schedule 12A of the Local Government Act 1972, namely: "Information relating to the financial or business affairs of any particular person (including the authority holding that information)"
<b>No. of Appendices:</b>	Four Appendix 1: Investment appraisal (contains exempt information) Appendix 2: Site Image Appendix 3: Site Image Appendix 4: Site Image
<b>Background Papers:</b>	None
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	Nick Ljustina, Operational Director of Property & Assets Tel: 020 8937 5025 Email: Nick.Ljustina@brent.gov.uk

**1.0 Purpose of the Report**

1.1 This report seeks permission to enter into a contract in respect of the acquisition of new Council homes consisting of two freehold housing blocks known as Gloucester & Durham from Telford Homes PLC (Telford Homes) and Notting Hill Genesis (NHG) totalling 235 units in the South Kilburn regeneration master plan area. See images (Appendices 2-4).

**2.0 Recommendation(s)**

That Cabinet:

- 2.1 Delegate authority to the Strategic Director of Regeneration & Environment in consultation with the Lead Member for Regeneration, Highways, Planning to negotiate and agree the terms and thereafter enter into a contract in respect of the purchase of the leasehold interest in two housing blocks known as Gloucester & Durham from Telford Homes and NHG as set out in Appendix 1.
- 2.2 Terminate the existing long leases in respect of the housing blocks known as Gloucester & Durham granted to Telford Homes and NHG upon acquisition and merge the leasehold title into the freehold interest to be retained by the Landlord.
- 2.3 Approve the acceptance of grant from the Greater London Authority (GLA) as set out in Appendix 1 and delegate authority to the Strategic Director of Community Wellbeing in consultation with the Lead Member for Housing & Welfare Reform to agree the terms on which the GLA will contribute to the purchase of the housing blocks known as Gloucester & Durham as detailed in clause 3.4.

### **3.0 Detail**

- 3.1 In May 2019 the Council was made aware that the housing developer, Telford Homes, was looking to sell their leasehold interest in the housing block which contains 133 units, or alternatively Telford Homes would look at changing their strategy to renting each unit at market rent as opposed to their previously proposed strategy of selling the units individually.
- 3.2 In addition, the Council was also made aware that the registered provider partner, NHG, owner of 102 units on the site, would be willing to sell their leasehold interest in the housing block to the Council.
- 3.3 In an effort to provide additional Council housing in the borough, the Council has been negotiating with Telford Homes and NHG with a view to acquiring the blocks at Gloucester and Durham.
- 3.4 With all 235 units under Council ownership and able to be counted for new affordable housing starts by the GLA, the Council has been able to secure an offer of a significant contribution from the GLA towards this purchase as detailed in Appendix 1. The terms of the grant will be contained within the GLA's standard Funding Agreement in respect of the Building Council Homes for Londoners programme.
- 3.5 The proposed purchase of the Gloucester & Durham blocks will necessitate instructing a range of professional services. These will consist of Low and Medium Value Contracts for which quotes or tenders will be sought.

### **4.0 Financial Implications**

- 4.1 The cost of purchasing the 235 units is set out in Appendix 1 and includes all the estimated acquisition costs. The acquisition cost is offset by external grant and the arising net capital outlay could be funded by HRA borrowing, which is now possible following the removal of the HRA debt cap. The new units, if let at London Affordable rent levels should generate sufficient income to pay back the investment within c50 years.

- 4.2 In order to deliver the South Kilburn masterplan the Council has already incurred costs for site mobilisation, acquisition, professional fees etc, and by varying the deal in this way the Council effectively forgoes a potential capital receipt. This is because the original development agreement included provisions for the Council to receive an overage payment, providing the level of private sales on the site exceeded a pre-determined threshold.
- 4.3 As the Council is now acquiring the units directly this overage payment will no longer apply, however with sluggish house prices in London at present, it is unlikely that this threshold would be met, hence the overage payment would not be triggered.
- 4.4 If terms are agreed this purchase can be funded from existing budget provision for in borough property acquisitions included within the existing 3-year capital programme.

## **5.0 Legal Implications**

- 5.1 Section 120 of the Local Government Act 1972 provides that

For the purposes of —

- (a) any of their functions under this or any other enactment, or
- (b) the benefit, improvement or development of their area.

The Council may acquire by agreement any land, whether situated inside or outside their area.

- 5.2 Details concerning the financial arrangements for the proposed purchase of the blocks at Gloucester and Durham are set out in Appendix 1. As detailed in paragraph 3.4, the GLA have offered a funding contribution. This will be under a Building Council Homes for Londoners Programme grant. The provisions of the grant are standard for all authorities, including repayment provisions if there is failure to use grant monies in accordance with its terms. Delegated authority is sought for the Strategic Director of Community Wellbeing in consultation with the Lead Member for Housing & Welfare Reform to agree the full terms of the GLA funding.
- 5.3 As detailed in paragraph 3.6, the support services contracts to be procured in support of the proposed purchase are a combination of Low Value and Medium Value Contracts. For the Low Value Contracts, these are below the threshold for application of the Public Contracts Regulations 2015 (the EU Regulations) and will be procured using a quote process in accordance with the Council's Contract Standing Orders. For Medium Value Contracts, the EU Regulations will apply in full and the contracts will be procured in accordance with Contract Standing Orders and EU Regulations.
- 5.4 For both Low Value and Medium Value Contracts, the relevant Operational Director has delegated authority to authorise the procurement of such contracts and award the contracts.

## **6.0 Equality Implications**

- 6.1 The proposals in this report have been subject to screening and officers

believe that there are no equality implications.

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

7.1 The paper will be circulated to all Ward Members.

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

8.1 No additional resources are required to deliver this scheme.

## **9.0 Public Services (Social Value) Act 2012**

9.1 The Council is under duty pursuant to the Public Services (Social Value) Act 2012 ("the Social Value Act") to consider how services being procured might improve the economic, social and environmental wellbeing of its area; how, in conducting the procurement process, the Council might act with a view to securing that improvement; and whether the Council should undertake consultation. Officers will have regard to considerations contained in the Social Value Act in relation to the proposed procurements and where appropriate, include reference to social value being 10% of the evaluation score.

**Report sign off:**

**AMAR DAVE**

Strategic Director of Regeneration &  
Environment.