

**LONDON BOROUGH OF TOWER HAMLETS  
MAYORAL DECISION PROFORMA**

**Mayoral Decision Log No:** One .

**Title:** HCA funding for Street Property Purchases

**Is this a Key Decision?:** Yes

**UNRESTRICTED**

**1. EXECUTIVE SUMMARY**

Tower Hamlets experiences very high levels of overcrowding. A key element of the Council's Overcrowding Reduction Strategy is the reacquisition of ex council family homes sold under the right to buy. £19.4m was been set aside to buy 80 homes of three bedrooms or more which are located on Council Estates and managed by Tower Hamlets Homes (the ALMO) over the 2009/10 and 2010/11 financial years.

The programme has successfully achieved its completion target of 80 properties in March 2011. The Homes and Communities Agency (HCA) have agreed to grant fund the programme to the sum of £7.9m on the condition that the grant claim is completed within the current financial year (2010/11)

**2 DECISIONS REQUIRED**

That the Mayor authorise

- 2.1 the Corporate Director of Development and Renewal in consultation with the Assistant Chief Executive (Legal Services) to agree the final terms of the Grant Agreement and Deed of Covenant with the Homes and Communities Agency as described in this report and
- 2.2 the Assistant Chief Executive (Legal Services) to enter into all necessary documentation to implement decision 2.1 above and to fulfil the Conditions Precedent set out by the HCA in order for the funds to be paid to the Council

### **3 REASONS FOR THE DECISIONS**

In order to secure this grant funding which is only available until 31<sup>st</sup> March 2011 the Council must enter into the Grant Agreement and Deed of Covenant and satisfy the Conditions Precedent set by the HCA. The Conditions Precedent include items such as :

- Ensuring the Milestone dates set are met on time
- Providing requested certificates of ownership on all 79 properties
- Providing certificates to confirm to the HCA that HCA requirements on the standards of the properties in respect of building regulations and overall management of the properties
- The council demonstrating that they have proper financial and legal resources in place
- Undertaking to register restrictions in favour of the HCA against all 79 properties so if they are sold the grant funding goes back to the HCA

### **5 BACKGROUND.**

On 11 February 2009 Cabinet agreed recommendations on the Council's Capital Programme for 2009/10-2011/12 for overcrowding reduction. It was agreed that £19.4m be designated for right to buy buybacks and be spent equally over two financial years 2009/11.

The programme was successfully completed on the 7<sup>th</sup> March 2011. A total of 80 properties have now been successfully bought back within budget

By letting the 80 properties from the buyback programme, a further 160 resulting void properties have been subsequently let to overcrowded families, which means that to date the Council have helped re-house approximately 235 overcrowded families

As this programme has successfully helped a number of overcrowded families within Tower Hamlets and has met its target of purchasing 80 Ex Right To Buy properties, The HCA have offered to fund £100,000 for each property purchased as at Jan 2011. Therefore, the total amount of the grant is £7.9 million. This is due to be paid by the 14<sup>th</sup> March if all the conditions precedents are met

### **7. COMMENTS OF THE CHIEF FINANCIAL OFFICER**

This report seeks approval for the entering into of an agreement with the Homes and Communities Agency to secure the award of capital grant funding in relation to the spend already incurred under the Council's overcrowding reduction strategy to repurchase properties that were formerly sold under Right to Buy legislation. The funding award is £100,000 per property, with the 79 properties repurchased by the eligible date therefore generating a capital grant of £7.9 million which will be fully received by the end of the current financial year.

The grant is intended to be utilised to finance affordable housing. Any decisions as to its future application will need to meet the terms of the signed Grant Agreement to avoid any potential clawback.

## **8 COMMENTS OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL SERVICES)**

The Grant Agreement and Deed of Covenant ensure that the moneys granted by the HCA will be used for affordable housing and that the grant moneys are protected for this use. So if any of the properties are sold under the right to buy scheme a proportion of the sale proceeds has to be returned to the HCA. This requirement is protected by means of a restriction registered at the Land Registry against the Council's title to the property.

## **9. ONE TOWER HAMLETS CONSIDERATIONS**

The equalities implications of the actions recommended here have been considered. It is vital for the borough to relieve overcrowding, the link to the buy-back scheme will ensure that additional funds are brought into the borough to relieve housing need.

## **10. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

Given the age of most of the properties purchased in the programme the majority of them have been fully re-wired and new boilers fitted to meet energy efficiency requirements. These will also form part of the Decent Homes Programme which will bring them up to modern standards and contribute to a more sustainable neighbourhood.

## **11 RISK MANAGEMENT IMPLICATIONS**

The HCA funding offer is only available this financial year, if the Council does not meet the Conditions Precedent set out by the HCA and cannot complete the grant draw down the funding will be lost. Officers are mitigating this by working closely with the HCA on all the Conditions Precedents requirements, weekly progress reports are made to the HCA, and the council has dedicated resources to achieving completion of the Conditions Precedent on time.

## **12. CRIME AND DISORDER REDUCTION IMPLICATIONS**

Tower Hamlets has a large number of leasehold properties. The properties have been the source of much crime, as they are usually not well managed by their landlords, let in multiple occupation usually unregistered, and create transient communities due to high tenancy turnover, these condition often lead to anti-social behaviour such as noise and nuisance around the property.

These factors were acknowledged by the Overview and Scrutiny Report on the private sector 2010, and by bringing these properties back into THH management, the council can reduce the ASB issues by returning the properties to family occupation.

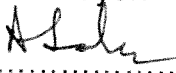
**13. EFFICIENCY STATEMENT**

The additional funding for this programme from the Homes and Community Agency can be used to contribute towards the provision of new affordable housing, built to a modern standard and let to people in housing need.

**APPROVALS**

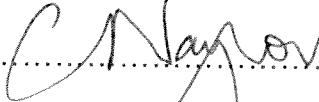
**1. Corporate Director**

I approve the attached report and recommendations above for submission to the Mayor.

Signed .....  ..... Date 9/3/11

**2. Chief Finance Officer**

I have been consulted on the above recommendations and my comments are included in the attached report.

Signed .....  ..... Date 9/3/11

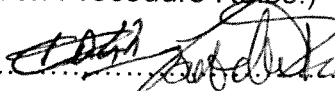
**3. Assistant Chief Executive (Legal Services)**

I have been consulted on the above recommendations and my comments are included in the attached report.

(For Key Decision only – *delete as applicable*


I confirm that this decision:-

(a) has been published in advance on the Council's Forward Plan OR  
(b) is urgent and subject to the 'General Exception' or 'Special Urgency' provision at paragraphs 18 and 19 of the Access to Information Procedure Rules.)

Signed .....  ..... Date 9/3/11

**4. Chief Executive**

I consider that the recommendations above are consistent with the Council's agreed Budget and Policy Framework and will contribute to the achievement of the authority's Strategic Plan.

Signed .....  ..... Date 9/3/11

**5. Mayor**

I agree the recommendations above for the reasons set out in the attached report.

Signed .....  ..... Date 9/3/11

**Private & Confidential**

Councillor Ann Jackson  
Chair, Overview and Scrutiny Committee

9 March 2011

Our Ref: L/ACE/O&S/IF/db  
Your Ref:

Dear Councillor Jackson

**RE: Cabinet decision being progressed as a matter of urgency**

As you are aware, Rule 19 "Special Urgency" of the Access to Information Procedure Rules within the Rules of Procedure contained in part 4 of the Authority's Constitution provides that:

"If by virtue of the date on which a decision must be taken Rule 18 (general exception) cannot be followed, then a decision can only be taken if the decision taker (or the Chair of the body making the decision) has obtained from:

- The Chair of the Overview and Scrutiny Committee; or
- If there is no such person, or if the Chair is unable to act, the Mayor; or
- Where there is no Chair of the Overview and Scrutiny Committee of Mayor, the Deputy Mayor;

Agreement that the taking of the decision cannot reasonably be deferred."

Rule 18, referred to above, requires:

"If a matter which is likely to be a key decision is to be considered and the matter is not in the forward plan, then, subject to Rule 19 (special urgency) the decision may still be taken if:

**18.1.1 the decision must be taken by such a date that it is impracticable to defer the decision** until it has been included in the next forward plan and until the start of the first month to which the next forward plan relates;

**18.1.2 the Assistant Chief Executive has informed the Chair of the Overview and Scrutiny Committee**, or if there is no such person, each member of the Overview and Scrutiny Committee by notice in writing of the matter about which the decision is to be made;

Chief Executive's Directorate  
Legal Services

Mulberry Place  
5 Clove Crescent  
London  
E14 2BG

Tel **020 7364 4801**

Fax **020 7364 4804/4861**

Email: [isabella.freeman@towerhamlets.gov.uk](mailto:isabella.freeman@towerhamlets.gov.uk)

DX: Legal Services - 42656 Isle of Dogs

[www.towerhamlets.gov.uk](http://www.towerhamlets.gov.uk)

18.1.3 the Assistant Chief Executive has made copies of that notice available to the public at the offices of the local authority for inspection; and

18.1.4 at least 5 clear days have elapsed following the day on which the Assistant Chief Executive complied with 18.1.2 and 18.1.3.

Where such a decision is taken collectively, it must be taken in public unless it involves consideration of confidential or exempt information."

In this case because:

- The report HCA Funding for Street Property Purchases has not been detailed in the current version of the LBTH Forward Plan
- Formal notice of the consideration of the report by the Cabinet has not been given (9 March 2011 Cabinet Agenda – Order of Business) within the normal required Statutory and Constitutional timescales.
- The report for consideration has not been published and circulated within the normal required Statutory and Constitutional timescales.

your agreement is sought under the provisions of Rule 19 "Special Urgency" that the taking of the decision relating to "HCA Funding for Street Property Purchases" cannot reasonably be deferred.

I attach a copy of a report entitled "HCA Funding for Street Property Purchases" which is being presented for a Mayoral Decision.

The opportunity for this funding has arisen quite recently and officers have placed an urgent grant application to the HCA which has only recently been agreed. The funding from the HCA towards the approved buy back scheme is only available until 31<sup>st</sup> March 2011 and the HCA wish to transfer the moneys to the Council on 11<sup>th</sup> and 14<sup>th</sup> March 2011. This means the documentation needs to be completed tomorrow to allow for the release of the funds. If the matter is dealt with in the ordinary course of events it will be too late to achieve this deadline and the Council will lose £7.9 million which can be used for affordable housing.

In these circumstances I hope you will agree that the taking of the decision relating to "HCA Funding for Street Property Purchases" cannot reasonably be deferred and that deferral would prejudice the Council's and the public interests and I would ask you to confirm that by signing the attached form of agreement.

Yours sincerely



**Isabella Freeman**  
**Assistant Chief Executive (Legal) & Monitoring Officer**

Enc

Agreed.



Requested details to O&S 9/3/11  
**Kevan Collins** April 2011,  
**Chief Executive**

Please note the following extract from the Grant Agreement the Council is to sign and as a result we would ask that this matter is not made public until we can arrange for these provisions to be followed

"The Council shall:

- 1.1.1 notify the Agency's corporate Press Office and Communications Team (from time to time) in advance of any publicity plan, event or communication which it proposes to implement, hold or issue,
- 1.1.2 ensure that pro-active positive press releases issued in respect of any Scheme acknowledge in the body of their text the fact and amount of the Agency's grant contribution to such Scheme,
- 1.1.3 ensure that the following wording (or such other wording as the Agency may require from time to time) is included within all press releases in respect of any Scheme in the section entitled "Notes to Editors":

"The Homes and Communities Agency (Agency) is the Government's new single national housing and regeneration agency for England. It brings together the development and regeneration expertise of English Partnerships, investment functions of the Housing Corporation, and the Academy for Sustainable Communities, with major delivery programmes of Communities and Local Government.

Its role is to create opportunities for people to live in high quality, sustainable places. We provide funding for affordable housing, bring land back into productive use and improve quality of life by raising standards for the physical and social environment."

- 1.1.4 the Council must ensure that any letter or literature sent to welcome new tenants or residents of Dwellings includes the following statement (or such other statement as the Agency may require from time to time):

"Your home was jointly funded by the Homes and Communities Agency, (the new government housing and regeneration agency with responsibility for the National Affordable Housing Programme), which plans to invest over £2.5 billion each year in creating affordable homes all over England between 2008 and 2011."