

Cabinet 27 January 2021	 TOWER HAMLETS
Report of Ann Sutcliffe, Corporate Director Place	Classification: Unrestricted
George Green's Almshouses – Transfer of RTB grant to new Charitable Incorporated Organisation	

Lead Member	Councillor Sirajul Islam, Statutory Deputy Mayor and Cabinet Member for Housing
Originating Officer(s)	Tracey St. Hill RP Partnerships & Development Officer
Wards affected	All wards
Key Decision?	Yes
Forward Plan Notice Published	4 December 2020
Reason for Key Decision	Impact on Wards
Strategic Plan Priority / Outcome	Priority 2- people live in good quality affordable homes and well-designed neighbourhoods.

Executive Summary

George Green's Almshouses is a registered charity that provides social housing for poor women in Tower Hamlets. The charity is changing its status from a charitable organisation to becoming a charity of the same name but constituted as a new Charitable Incorporated Organisation. They also wish to become a Registered Provider. As part of the registration process they require the Council's approval to transfer grant payments previously issued to them from the Council's Right to Buy receipts to the new incorporated organisation.

Recommendations:

The Cabinet is recommended to:

1. Authorise the Corporate Director Place to approve the transfer of the original grant payments to the reconstituted organisation.
2. Authorise the Corporate Director Place to instruct Legal Services to execute any legal documentation required to give effect to the purpose of this report
3. Note the specific equalities considerations as set out in Paragraph 4.1

1 REASONS FOR THE DECISIONS

- 1.1 George Green's Almshouses (GGA) is a registered charity and social housing provider in Tower Hamlets. The main activity of the charity under the terms of its governing document is the provision of housing for poor women who live in Tower Hamlets.
- 1.2 In 2018 GGA submitted 2 applications to the Council for the acquisition of 3x1B2P flats from Poplar HARCA for affordable rent under the Council's Local Affordable Housing Programme. Their applications were approved by the Grants Determination Sub Committee on the 4th June and 27th September respectively and they received a total of £300,600 in grant funding, underpinned by a Grant Agreement between LBTH and GGA.
- 1.3 The organisation is currently in the process of changing its status from a Charity to a Charitable Incorporated Organisation. They have also applied to become a registered social housing provider. The Regulator of Social Housing has informed GGA that one of the conditions of registration is that they obtain permission to transfer previous grants received from the Council from the old organisation to the new incorporated entity or enter into a new grant agreement under the same terms.

2 ALTERNATIVE OPTIONS

- 2.1 The Council could decide not to endorse the grant transfer. However, doing so will mean that the terms of the existing Grant Agreement will not be enforceable on the "new" organisation once GGA have completed the change of status.
- 2.2 It would also affect their ability to become a Registered Provider and have an adverse effect on impending loan agreements and grants required to finance additional affordable housing in the borough.

3 DETAILS OF THE REPORT

- 3.1 GGA has had properties in Tower Hamlets since the Victorian times. Originally the charity has 7 houses split into flats in Upper North Street, Poplar that were managed by Springboard Housing Association. They were eventually closed by the Council in 1999 on safety grounds and, after a period of remodelling, the Trustees decided to sell them and re-provide new almshouses.
- 3.2 One such development was Sarah Perry House (8 new almshouses) located in Flora Close, Poplar built in July 2015. The almshouses were built with the proceeds of the sale of the properties on Upper North Street and are located on the site of the former St Francis Family Centre. The homes are currently managed by Providence Row Housing association.

- 3.3 In total GGA owns 11 homes for women in Poplar and Bow.
- 3.4 In recent years the charity has accumulated surplus funds and the Trustees agreed in order to fulfil its charitable purpose more effectively, it should consider the best way to provide additional homes in the borough. To maximise the impact of these spare funds GGA commissioned a consultant to investigate options, one of which was to apply to the Council for a grant under the Affordable Housing Grant Programme utilising the Council Right to Buy receipts.
- 3.5 **Affordable Housing Grant Programme**
- 3.6 In December 2015, the Commissioners agreed £7.06m of retained Right to Buy grant receipts could be used for the establishment of a Local Affordable Grants Programme for the provision of affordable housing. The Mayor in Cabinet later ratified grant funding for the scheme.
- 3.7 The initial grant ratified by Cabinet was successfully allocated. In response to additional applications received from Registered Providers (RPs), a further report was submitted and approved by Cabinet in January 2018 to endorse £5m of additional grant funding to continue the acquisition and development of schemes that provide affordable housing.
- 3.8 GGA submitted 2 applications to fund the acquisition of 3 flats, details of which are outlined below:

Date of grant application	Property acquired	Grant awarded	Date grant approved by GDSC	Acquisition completed
28.3.2018	2x1B2P ex RTB flats from Poplar HARCA	£210k	6 th June 2018	30.11.2018
9.7.2018	1x1B2P Flat from Poplar HARCA	£90, 600	29 th Sept 2018	7.1.2019

- 3.9 The grant allocated contributed 30% of the acquisition costs plus a 1% uplift to allow for variances in purchase costs. The terms of the grant to RPs are covered by a Grant Agreement that constitutes a contract between the parties for each scheme to ensure compliance.
- 3.10 **Charitable Incorporated Organisation**
- 3.11 GGA had had a long-standing intention to convert to a more modern corporate structure as a Charitable Incorporated Organisation (CIO). The Trustees were of the view that the new form of Incorporated Organisation was

an appropriate route to achieve incorporated status and enable property to be held corporately (rather than in the names of individual Trustees).

- 3.12 The protection from incorporation would also be useful in recruiting new Trustees. The charity has borrowed a total of £500k, and although their finances are stable and there are prudent reserves, the proposal is important to ensure individual Trustees are not put at personal risk.
- 3.13 During 2019/20 residents were consulted and endorsed the proposal to change the status of the organisation and a new charity (also called George Green's Almshouses) was formed on the 21 April 2020. Following approval, an application was also submitted for the new body to be registered as an RP of social housing and contact made with funders and grant giving organisations to seek approval to transfer all loans and grants to the new body.
- 3.14 The legal mechanism requires the charity to move all assets and liabilities from the current GGA charity to the new GGA CIO. The CIO has been set up and registered as a charity. The Greater London Authority (GLA) have confirmed the grant they provided can be transferred to the new entity and Charity Bank have in principle agreed the transfer of their loans to GGA.
- 3.15 The Regulator of Social Housing has indicated they will register the new entity as an RP but cannot complete the process until they have received confirmation that grants provided by Tower Hamlets Council can also be transferred. The charity is seeking agreement from the Council to transfer the grants they've received to the new entity under the same terms previously agreed.
- 3.16 Under the constitution the Mayor has delegated authority to enter into an agreement relating to grants (and is usually delegated through the Grants Determination Sub Committee on a time by time basis). As GGA is changing legal identity this means the old organisation will disappear rendering the existing Grant Agreement with them unenforceable.
- 3.17 The current Grant Agreement protects the Council's funds and affords other rights to ensure the properties acquired are used as affordable housing in perpetuity and not sold on, so the Council must ensure the Grant Agreement continues to be binding on the new legal entity GGA will become when fully incorporated.
- 3.18 The Council is therefore required to enter into a new Grant Agreement (or transfer the old one whichever is easier) so that the terms of the original agreement are binding on the new organisation.
- 3.19 Once all approvals and registrations are in place, it is GGA's intention to transfer all assets and liabilities into the new charity from 1st April 2021.

4 EQUALITIES IMPLICATIONS

- 4.1 If the Council were to approval the transfer of the existing grants to the new entity, it will enable GGA to continue its objective of providing social housing for Tower Hamlets Residents. The Primary beneficiaries of the existing and any new homes will be poor women. Given the difficulty of securing affordable housing to rent in the borough and the disproportionate number of women likely to be in low paid work, this will have a direct impact of the ability to support this disadvantaged group.

5 OTHER STATUTORY IMPLICATIONS

Best Value Implications,

- 5.1 If Cabinet were to give authority for the grant to be transferred, it will facilitate further opportunities for GGA to invest in the provision of affordable housing rather than expose residents to the high costs of the private rented sector.

6 COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 The report seeks to endorse the transfer of the old grant agreement) to the new George Green's Almshouses Charitable Incorporated Organisation, by enabling the organisation to complete their change of status and registration to become a Registered Provider.
- 6.2 Though there is a change in the legal status, the objective of the organisation which is the provision of housing for poor women who live in Tower Hamlets remains unchanged.
- 6.3 The change in the legal status being pursued by the organisation allows it to have a better prospect in terms of the delivery of its objectives.
- 6.4 Should the Council fail to endorse the transfer as requested, it means that the terms of the existing Grant Agreement will not be enforceable on the "new" organisation once GGA have completed the change of status. In addition, It would also affect their ability to become a Registered Provider and have an adverse effect on impending loan agreements and grants required to finance additional affordable housing in the borough.
- 6.5 There is no known cost to the Council if it endorses the transfer of the old grant to the new George Green's Almshouses Charitable Incorporated Organisation and therefore Finance supports the recommendation as requested.

7 COMMENTS OF LEGAL SERVICES

- 7.1 George Green's Almshouses organisational change means that under the law a new legal entity is being formed albeit bearing a similar name and controlling the properties for which the original grant was intended

- 7.2 Approval is being sought before transferring the grant as the ultimate beneficiary of the grant will be a different legal entity from that for which approval was originally granted.
- 7.3 This is also why the Council needs to enter into a new grant agreement or transfer the existing agreement to the new organisation to ensure that the restrictions placed upon the original organisation continue to be binding on the new organisation and also that the Council can continue to realise the benefits of the original grant.
- 7.4 Nothing in the legal changes will cause either further monies to be paid by the Council or impose any obligations that are different from the original approval.
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Linked Reports, Appendices and Background Documents

Linked Report

- NONE.

Appendices

- LBTH and George Green's Almshouses Grant Agreement
- George Green's Almshouses model Constitution of a Charitable Incorporated Organisation
- George Green's Almshouses Trustees Report & Financial Statements for Year Ending 31.3.2019.
- Equality Impact Assessment Initial Screening form

Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012

- NONE.

Officer contact details for documents:

N/A