

AGENDA ITEM: 17 Pages 140 – 144

Meeting	Cabinet Resources Committee
Date	30 July 2009
Subject	Funding for the Granville Road Estate
Report of	Cabinet Member for Community Services
Summary	This report seeks authorisation to accept significant funding offered by the London Development Agency from the Mayor of London's Targeted Funding Stream for housing to improve three tower blocks on the Granville Road Estate comprising 179 homes and commits the Council to deliver the outcomes requested by the funder.

Officer Contributors	Pam Wharfe – Head of Housing and Environmental Health
Status (public or exempt)	Public
Wards affected	Childs Hill
Enclosures	Map – Planning Brief Site Plan (To follow)
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	Not Applicable

Contact for further information: Pam Wharfe, Head of Housing and Environmental Health, 020 8359 6063.

1. RECOMMENDATIONS

- 1.1 That, the Head of Housing and Environmental Health be authorised to accept funding from the London Development Agency (LDA) for the improvement of the three tower blocks on the Granville Road estate.**
- 1.2 That, subject to 1.1 above, the Council enter into a commitment to the LDA to improve the 179 homes in the tower blocks to a standard above the Government's decent homes standard, such improvement to be carried out during the financial year 2010/11.**
- 1.3 That, in order to mitigate the risk of the procurement and delivery of the works not being completed within the LDA's timetable, the Council moves forward with the procurement and works, in advance of the LDA's indicated allocation being made firm and that the costs involved be underwritten by prudential borrowing.**
- 1.4 That a report be submitted to a future meeting of the Cabinet Resources Committee on the results of the procurement of contractors; and a report be submitted to the Cabinet Housing and Regeneration Committee on 25 August 2009 on potential related development proposals on the remainder of the estate in accordance with the Council's adopted Planning Brief (2008).**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 Cabinet Resources Committee, 31 October 2007 – approved the marketing and tendering of identified sites on the Granville Road Estate to raise funding for the works required to the tower blocks on the estate.
- 2.2 Cabinet, 23 January 2008 (decision 7) – approved the Planning Brief for the regeneration and partial redevelopment of the Granville Road Estate.
- 2.3 Cabinet Resources Committee, 5 March 2009 (decision 10) – approved the demolition of Garth House and connected buildings following a fire in 2008.
- 2.4 Cabinet Resources Committee, 23 April 2009 (decision 6) – approved the proposed allocation of £1 million of Growth Area Funding to the estate for the refurbishment of the three tower blocks and to help unlock regeneration of the Granville Road Estate.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 Under the Corporate Plan priority, 'A successful city suburb', it is proposed to enhance the tower blocks on the estate to bring them above the Government's Decent Homes standard.

4. RISK MANAGEMENT ISSUES

- 4.1 The main risk for the Council with respect to the LDA's funding is that at this stage the funding is an 'indicative allocation' rather than a firm commitment. If the Council does not start the procurement for the works to the blocks within the near future (and therefore in advance of) receiving the firm commitment for funding then the improvements to the tower blocks will not be achieved in the time scale required by the LDA.

- 4.2 In order to partly mitigate this risk the Council will make arrangements to potentially borrow a sum equal to the amount offered for 2010/11 to enable the procurement process to commence and the works to be commenced as soon as possible.
- 4.3 A further risk is the cost to leaseholders living in the blocks who will have to pay a share of the cost of the works but who may object to service charges. In order to mitigate this risk, the Council will ensure that Barnet Homes conducts a pre-Leaseholder Valuation Tribunal. This should ensure that both the Council and the leaseholders fully understand what costs are recoverable from leaseholders and those that are not. There are 44 leaseholder flats across the 3 tower blocks of housing of 179 homes, the remaining being social rented.
- 4.4 The works that will be required to the three tower blocks are extensive and there is a risk that all the works will not be completed within the timescale requested by the LDA. This risk will partly be mitigated by commencing the procurement process rapidly to secure a contractor to carry out the works.
- 4.5 Barnet Homes, are leading this project, and have already commissioned and completed a full survey of the three tower blocks. Discussions will be held with the LDA on a regular basis so that they are aware of the progress of the project. At the same time, the Council is clear that the priority is to improve the tower blocks and the quality of life for residents. The Council is working with Barnet Homes to make sure that the works are carried out in a safe as well as timely manner.
- 4.6 There is a risk that the monies identified to fund the works to the tower blocks are insufficient. Once the tendering process is underway the Council will be clearer about whether there is a gap. Initial estimates put the total cost of carrying out the required works to the tower blocks as being £14 million. This report identifies £11 million of funding. Officers will need to assess whether the full extent of specified works can be carried out depending on the outcome of the tendering process.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 Of the leaseholders, about whom the Council have information, 47% are aged between 31 and 50 years old. They are ethnically diverse, with not one ethnic background dominating. 74% of leaseholders owe the Council service charge fees between £500 and £2,000.
- 5.2 The project will be discussed in detail with the residents living on the estate in general, and with those living in the tower blocks in particular. This consultation work will be carried out by Barnet Homes on behalf of the Council and will seek to provide as much choice as is practicable around how the works should proceed.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

- 6.1 The Council could, potentially, be increasing its prudential borrowing to cover the LDA funding if there were to be a problem with the Council receiving the allocation that has been indicated by the LDA for 2010/11.
- 6.2 The Council has already agreed to allocate £1 million to the improvement of the tower blocks from Growth Area Funding.

- 6.3 Barnet Homes has identified £3 million from the Decent Homes programme to carry out works to the three tower blocks.
- 6.4 The procurement process will be carried out in accordance with the Public Contracts Regulations 2006.

7. LEGAL ISSUES

- 7.1 It is expected that the Council will be required to enter into an agreement with the LDA in respect of the LDA funding.
- 7.2 As the costs of the works will exceed the, relevant, European procurement threshold for works contracts, as indicated within this report, a full European procurement will need to be carried out to identify and select a Contractor to undertake the works.
- 7.3 At the conclusion of the procurement process, a contract will need to be concluded with the successful contractor.

8. CONSTITUTIONAL POWERS

- 8.1 Constitution – Part 3 – Responsibility for Functions – Paragraph 3.6 states the functions delegated to the Cabinet Resources Committee which includes all matters relating to land and building owned, rented or proposed to be acquired or disposed of by the Council.

9. BACKGROUND INFORMATION

- 9.1 Granville Road Estate is situated in Golders Green within the Childs Hill Ward. The estate consists of three tower blocks, Templewood Point, Harpenmead Point and Granville Point, as well as three lower rise blocks Nant Court, Mountfield and Beech Court. Garth House, a sheltered housing block on the estate was severely damaged by fire on 5 October 2008 and is due to be demolished. The three tower blocks contain 179 properties with 44 owned by leaseholders.
- 9.2 The three tower blocks are in need of substantial works to bring them up to the Decent Homes standard. However, in order to bring the homes in the blocks to that standard and make them more sustainable, and places where people want to live, works have been identified beyond the Decent Homes Standard.
- 9.3 In July 2008 a bid was made to the LDA for funding towards the refurbishment of the three tower blocks. The bid was based on re-cladding the blocks and installing new double glazed windows throughout. These works would significantly improve the insulation of the flats making them easier and more efficient to heat, reducing long term costs of maintenance.
- 9.4 A letter announcing a funding allocation of £7,013,000 from the LDA was received on 17 April 2009. The residents of the estate were notified by letter at the end of April 2009 that the Council's bid had been successful and that an allocation of funding for 2010/11 had been identified by the LDA.
- 9.5 The Council has identified a total of £11 million of public funding from three sources to undertake the major improvement and refurbishment works to the three largest tower blocks on the Granville Road Estate.

The ALMO has allocated £3 million towards the improvement programme and following a successful receipt of Government Growth Area Funding in December 2008 an additional £1 million has been allocated to unblock the regeneration. This has significantly improved the overall funding position and reduced the cost gap to £3 million out of an estimated costs of £14 million. Therefore the prospects of delivering this estate improvement programme has significantly improved in terms of delivery.

- 9.6 In parallel the Council will be continuing to explore the possibility of securing an overall estate regeneration programme in accordance with the adopted Planning Brief, including potential redevelopment plans and Garth House recently damaged by fire. Together this could achieve a comprehensive improvement and regeneration of the entire Granville Road Estate and thereby significantly improve the quality of housing and life for existing and future residents. As laid out in the recommendations these plans will be subject to a further report to Cabinet Members and full consultation with local councillors and residents.

10. LIST OF BACKGROUND PAPERS

- 10.1 Letter from the London Development Agency.
- 10.2 Copy of the Government's Decent Homes Standard.
- 10.3 Survey carried out by Miller Mitchell Burley Lane on behalf of Barnet Homes.
- 10.4 Any person wishing to inspect the background papers listed should telephone Pam Wharfe on 020 8359 6063.

Legal – SS
CFO – MG