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Please ask for:
Marie Lowe

Please note time and venue of meeting

28 July 2017

Dear Councillor

You are requested to attend a meeting of the WELWYN HATFIELD BOROUGH COUNCIL SOCIAL Overview & Scrutiny Sub-Committee to be held on Monday 7 August 2017 at **6.30pm** in the Sycamore Room, Council Offices, The Campus, Welwyn Garden City, Hertfordshire, AL8 6AE.

Yours faithfully



Executive Director
Public Protection, Planning and Governance

A G E N D A
PART 1

1. **APPOINTMENT OF CHAIRMAN:**

To appoint a Chairman of the Sub-Committee for the meeting.

2. **CALL-IN OF CABINET DECISION - GOLDINGS HOUSE, HATFIELD:** (Pages 3 - 30)

To review the decision made at the Cabinet meeting on 11 July 2017 regarding the transfer of Goldings House.

(Note: As these recommendations relate to exempt Cabinet reports any discussion on the items will have to take place in the Part II Private and Confidential part of the meeting after the Press and Public have been excluded under Agenda item 3).

3. EXCLUSION OF PRESS AND PUBLIC:

The Committee is asked to resolve:

That under Section 100(A)(2) and (4) of the Local Government Act 1972, the press and public be now excluded from the meeting for item 4 on the grounds that it involves the likely disclosure of confidential or exempt information as defined in Section 100A(3) and Part 1 of Schedule 12A of the said Act (as amended).

In resolving to exclude the public in respect of the exempt information, it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

PART II

4. CALL-IN OF CABINET DECISION - GOLDINGS HOUSE, HATFIELD - EXEMPT INFORMATION: (Pages 31 - 126)

To consider exempt information relating to the transfer of the freehold of Goldings House, Hatfield to Paradigm Housing Group.

Circulation: Councillors L.Brandon P.Mabbott
J.Fitzpatrick T.Mitchinson

Executive Board
Press and Public (except Part II Items)

**If you require any further information about this Agenda please contact M Lowe
democracy@welhat.gov.uk, Governance Services Unit on 01707 357443 or email –
m.lowe@welhat.gov.uk**

Cabinet
11 July 2017

WELWYN HATFIELD COUNCIL

Minutes of a meeting of the WELWYN HATFIELD COUNCIL CABINET held on Monday 11 July 2017 at 7.30pm in the Council Chamber, Campus East, Welwyn Garden City.

PRESENT: Councillors A.L.Perkins (Deputy Leader) (Executive Member, Planning, Housing and Community) (Vice-Chairman in the Chair)

D.Bell (Executive Member, Resources)

H.Bromley (Executive Member, Environment)

T.Kingsbury (Executive Member, Policy and Culture)

B.Sarson (Executive Member, Business, Partnerships and
Public Health)

R.Trigg (Executive Member, Governance, Community Safety,
Police and Crime Commissioner and Corporate Property)

ALSO

PRESENT: Councillors J.Fitzpatrick, K.Holman, T.Mitchinson, K.Thorpe

OFFICIALS Chief Executive (R.Bridge)

PRESENT: Executive Director (Public Protection, Planning and Governance) (N.Long)

Executive Director (Resources, Environment and Cultural Services) (K.Ng)

Head of Law and Administration (M.Martinus)

Governance Services Manager (G.R.Seal)

Communications Officer (T.Underwood)

18. APOLOGY:

An apology for absence was received from Councillor J.W.Dean (Leader of the Council) (Chairman).

19. MINUTES:

The Minutes of the meetings held on 6 and 12 June 2017 were approved as correct records and signed by the Chairman.

20. ACTIONS STATUS REPORT:

The status of actions agreed at the Cabinet meeting on 6 June 2017 in the report of the Executive Director (Public Protection, Planning and Governance) was noted.

21. ITEMS REQUIRING KEY DECISION:

The following items for decision in the current Forward Plan were considered:-

21.1. Government Funding – Prevention of Homelessness – Approval of Proposals for Utilising new Grant Functions (Forward Plan Reference FP805)

Report of the Executive Director (Housing and Communities) relating to the ring fenced funding the Government had allocated to Welwyn Hatfield Borough Council.

(1) The Decision Taken

RESOLVED:

That the project proposals to be funded from the new grant money from the Government, as recommended by the Cabinet Housing Panel, be approved.

(2) Reasons for the Decision

The new grant gave Councils more control and flexibility over homelessness budgets. It formed part of the Government's approach to tackling homelessness, helping both those at risk of homelessness and those experiencing a crisis.

Detailed work had been carried out on a series of proposed work streams/projects identified as a priority for funding from this newly available sum.

It was intended that the initiatives would be continued even when funding ceased in two years' time. In order to do this there would need to be effective measures in place to assess the outcomes achieved.

There would be a planned approach as to how the extended duty under the Homelessness Reduction Act would be co-ordinated and implemented, which included holding regular meetings with the relevant organisations on a county wide basis to identify the best way forward.

(Note: There were no declarations of interests by a Member(s) in respect of the matter decided).

21.2. Release of Approved Budget for Welwyn Garden City Town Centre North (Forward Plan Reference FP807)

Report of the Executive Director (Resources, Environment and Cultural Services) seeking the release of the allocation of £100,000 in the approved capital budget for this project.

(1) The Decision Taken

RESOLVED:

That the budget allocated to the Welwyn Garden City Town Centre North project be released.

(2) Reasons for the Decision

This project was part of the Council's capital programme for the financial year 2017/18 and was approved by the Cabinet on 10 January and by the Council on 7 February 2017.

The funds would be used to progress the Welwyn Garden City 2014 Supplementary Planning Document for the north of the town centre and to start transport modelling, design assessments and project viability and deliverability work.

(Note: There were no declarations of interests by a Member(s) in respect of the matter decided).

22. RISK MANAGEMENT:

Report of the Executive Director (Public Protection, Planning and Governance) on the current strategic risks facing the Council as determined by the Executive Board and reviewed at the performance clinic in May 2017 reflecting the assessments in place for the first half of the current financial year.

RESOLVED:

That the current Strategic Risk Register and comments in respect of each risk where shown be noted.

23. EXCLUSION OF PRESS AND PUBLIC:

RESOLVED:

That under Section 100(A)(2) and (4) of the Local Government Act 1972, the press and public be now excluded from the meeting for Agenda item 12 (Minute 24 refers) on the grounds that it involved the likely disclosure of confidential or exempt information as defined in Section 100A(3) and paragraph 3 (private financial or business information) of Part 1 of Schedule 12A of the said Act (as amended).

In resolving to exclude the public in respect of the exempt information, it was considered that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

24. GOLDINGS HOUSE, HATFIELD:

Exempt report of the Executive Director (Housing and Communities) recommending the transfer of the freehold of Goldings House, Hatfield to the Paradigm Housing Group.

In September 2003 the Cabinet agreed to commence a trickle transfer process of leasehold ownership of flats at Goldings House, Link Drive, Hatfield from the Council to Chiltern Hundreds Charitable Housing Association (now part of Paradigm Housing Group). The Council retained the freehold ownership for Goldings House.

The trickle transfer was agreed in order to establish a better management arrangement for the block, by having one owner responsible for management and maintenance.

It was agreed that as the Council flats became empty they would be transferred to Paradigm Housing Group. In the meantime Paradigm took over the maintenance of the communal areas at Goldings House.

The Council remained responsible for the external maintenance of the block, but with the ability to recharge Paradigm on a proportionate basis for any work carried out.

The intention was that these arrangements would be in place until all the properties had been transferred to Paradigm Housing Group and that once all the flats had transferred, the freehold of the building would then be transferred for a sum based on the capitalisation of the individual ground rents.

All the Council owned flats had now transferred and there was one leasehold unit which was purchased under the Right to Buy. Paradigm Housing Group were in the process of purchasing this property from the leaseholder, so once this was complete they would own all the units in the block.

In order to safeguard the Council from any potential future opportunity cost, a clawback provision equivalent to 50% of the profit would be triggered if Paradigm Housing Group decided to redevelop the block as private housing in the future. It was noted that Members would wish to extend this provision and recover an additional £275,000 over and above the 50% profit clawback.

With the permission of the Chairman, Councillor K.Thorpe spoke on this item and asked a number of questions. The Chairman advised that written answers would be given and circulated to the Cabinet

RESOLVED:

- (1) That the Cabinet approves the transfer of the freehold of Goldings House, Goldings Crescent, Hatfield to Paradigm

Cabinet
11 July 2017

Housing Group as detailed in the exempt report.

- (2) That the Cabinet approves the capital receipt being used to support the Council's Affordable Housing Programme.

Meeting ended 8.00pm
GS

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Answers to questions posed by Cllr Kieran Thorpe at Cabinet Meeting (11 July 2017) relating to the Goldings House report.

(1) Cllr Thorpe was concerned as he was not aware of this proposal.

The original decision about the future management and the decision to instigate a trickle transfer programme of flats in the upper floors of Goldings House, Hatfield – from WHBC to Paradigm Housing Group (Chiltern Hundreds HA at the time) was taken in 2003, with updated position and recommendations on the technical aspects of this being reported during 2005.

The most recent report (July 2017) was presented following discussions and negotiations with Paradigm which have occurred very recently as a result of the completion of the trickle transfer process.

(2) Why did the Cabinet in 2003 agree a trickle transfer process and what are the benefits of this and the transfer of the freehold, as they seemed rather flimsy to justify to the Council and the community the action being taken. These included giving it away as it was expensive to repair, better management arrangements when they were successful anyway and saying there was no benefit to the Council at this stage in retaining the freehold as no gain could be realised until 2061 when the lease expired as this was still a long term interest.

The benefits of the trickle transfer at the time were that the council had a large number of voids at Goldings house, the building was very unpopular and had management challenges due to a high concentration of single people with complex needs. The properties were difficult to let (Choice Based Lettings system of bidding and choice was not in place at this time). It was often vulnerable groups that were allocated the vacant units, which exacerbated the challenges of managing a high number of individuals with complex needs.

The block and individual units required significant refurbishment with high costs. The structure of the Housing Revenue Account and the rules around this, including the old negative subsidy system, whereby a large proportion of the rent received was paid back to government, was a barrier to the council in carrying out the work.

Paradigm already leased the 6 lower floors of the building and had worked in partnership with the council to deliver the Foyer scheme – which did and continues to provide housing and support for young people. This was and is a valued initiative for the council. The foyer scheme was managed 24 hrs a day by Chiltern Hundreds (now Paradigm) and the trickle transfer also provided the opportunity to have one landlord to be in situ and provide a better service for residents in the block

Once the trickle transfer process was underway all tenants benefited from a 24 hr concierge service, Paradigm (Chiltern Hundreds) became responsible for the service charge costs (gas / electric / CCTV/ LIFTS / Cleaning / Insurance). As each void unit was transferred Paradigm's share of costs increased, until full responsibility. Therefore the council saved money.

New fire detection systems were installed, all communal areas were redecorated, new electric – wiring, the lifts were refurbished/ new CCTV cameras were put inside and outside the building and new controlled entry system was installed , the ground floor was refurbished and new external lighting was installed.

On average refurbishment costs invested by Paradigm for each void was in the region of 30k (some costs 40k plus, some cost 24k plus)

Properties had new kitchens, new boilers, new doors and were redecorated,

Financial benefits included a capital receipt received in excess of the capital grant provided by the council and a net gain of funds to the council

The original report always provided the option that on completion of the last trickle transfer unit, the Freehold would follow – Paradigm would then also be responsible for the externals and this offers them the ability to borrow and fund further long term works to the building that are likely to include new lifts a another major works

The Freehold transfer was always based on the capitalisation of the ground rents and all parties anticipated that this would not generate a significant capital receipt

(3) What investment would Paradigm make in the block?

We are currently confirming with Paradigm the proposed longer term investments planned by them, subject to the freehold transfer. They have confirmed that their intention is to invest to a greater extent, given they will be able to borrow more against the building once the freehold transfer has taken place.

(4) Is the cost of using affordable housing programme money to buy the one remaining leasehold flat and give it away to Paradigm offset?

There is one privately owned leasehold property in the flat which Paradigm are purchasing, with grant funding provided via the Affordable Housing Programme (AHP). The grant funding is useable Right to Buy receipts, which cannot be used for any purpose other than to deliver affordable housing. There is a time limit attached to expenditure of these receipts and if the fund is not spent by the deadline the money will be returned to central government and the council will also face a penalty which will be calculated from the date the receipts were originally received.

As part of the AHP, the council has an acquisition programme, whereby it purchases private sector homes to be used as affordable housing. We also grant fund housing associations to purchase properties in the private sector.

The current elderly owner is in a care home and has agreed to sell to Paradigm. The 2 bed unit has had no work done to it since purchased under the RTB in the 1980s and will require some significant refurbishment by Paradigm. The council will have nomination rights to this property, as it does to all the other units managed by Paradigm

The grant funding will be a subsidy which will enable Paradigm to let this unit at an affordable rent.

WELWYN HATFIELD COUNCIL
CHIEF OFFICERS TEAM – 17TH AUGUST 2005
REPORT OF THE CHIEF HOUSING OFFICER (STRATEGIC SERVICES)

GOLDINGS HOUSE, HATFIELD

1 Summary

- 1.1 The purpose of this report is to up date COT on the Goldings House trickle transfer scheme and to agree revised scheme proposals.

2 Financial Implications

- 2.1 This is a summary of the financial appraisal for the scheme:

Units currently empty (22)

Capital receipt	£1,745,000
Grant	£1,509,791
Net capital receipt	£235,209

Future units to be transferred (18)

Capital receipt	£1,465,000
Grant	£1,289,200
Net capital receipt	£175,800

Financial summary

Total capital receipt	£3,210,000
Total grant	£2,798,991
Total net capital receipt	£411,099
Total cost of works	£489,600

- 2.2 The scheme would require an estimated Capital Grant of £1,509,704 in 2005/6. In return, the Council would receive a capital receipt of £1,745,000, providing the Council with a net capital receipt of £235,209. £413,280 of works to the block would also be carried out in 2005/6 at no additional cost to the Council, with the remaining works carried out to individual units as they become vacant and are transferred over to the Paradigm Housing Group.

3 Recommendations

- 3.1 The flats and maisonettes at Goldings House are transferred to the Paradigm Housing Group when they become empty.
- 3.2 That an estimated annual capital budget of £430,000 is set aside for the next 3 years to fund the trickle transfer scheme which will be offset by the resultant capital receipts from the sale of the units and will overall produce a small net capital receipt.
- 3.3 The Paradigm Housing Group now take over the responsibility for the future maintenance of the communal areas at Goldings House as part of the phased handover of the block.
- 3.4 The Council remain responsible for the external maintenance of the building and will recharged the Paradigm Group proportionally for the cost, until such time as all the units are transferred to them.
- 3.5 When all the flats have been transferred to the Paradigm Group, the freehold of the building is then transferred to them for a sum, which is based on the capitalisation of the individual ground rents.

4 Background

- 4.1 The Paradigm Housing Group currently own the first 6 floors of Goldings House in Hatfield in which the Foyer Project is based and the Council owns and manages the upper floors. The new strategy would aim to better manage the block by having one owner responsible for the management and maintenance and provide resources for improvements.
- 4.2 The Cabinet previously agreed that the flats on the upper floors of the block will be transferred to the Paradigm Group when they become empty as part of a proposed new strategy for managing the block. The use of the block will be changed to offer a mix of affordable accommodation to include housing for public sector workers who are working locally to help recruitment and retention issues.
- 4.3 The trickle transfer scheme has had to be revised following advice from the Office of the Deputy Prime Minister; and revised financial regulations on capital finance and local authority disposals to registered social landlords.

5 Explanation

- 5.1 The Foyer Project, which provides accommodation, training, and support for young people, successfully opened in 2001 and is based on the first 6 floors of Goldings House in Hatfield. Floors 7-13 of the block continue to be owned and managed by the Council. There are presently 18 bedsits, 18 one-bedroom flats and 5 two bedroom maisonettes in the Council owned part of the building. There is one privately owned maisonette, which was sold under the Right To Buy. Responsibility for the management and maintenance of the building is currently split between the Council and the Paradigm Housing Group.
- 5.2 To have the ownership and control of the building under one landlord would help streamline and simplify the management of the block and un lock resources for investment in the block. A mix of Key Worker and affordable housing would be party of a wider strategy to help upgrade and improve the let-ability of the block.

- 5.3 Housing Key Workers is a top Government priority and a priority for the Welwyn Hatfield Alliance. At the same time the Council is finding it increasingly difficult to meet its legal responsibilities to house people in the greatest need who are often on very low incomes. The advantage of this proposal is that it would allow the Council to help house Key Workers, according to its own definition, provide refurbished units at affordable rents for those applicants on the Council's Housing Register, provide refurbishment to the communal areas and entrance and provide a Capital Receipt for the Council.
- 5.4 A draft Key Worker Housing Strategy is currently being prepared for the Council's Social Overview and Scrutiny Committee in November.
- 5.5 The Council will receive 100% nomination rights to the units in perpetuity.
- 5.6 The units will be transferred to the Paradigm Group at full market value as agreed by the Council's Estates team.

Bedsit	£65,000
1 bedroom flat	£85,000
2 bedroom maisonette	£110,000

- 5.7 There are currently 22 void properties that would be transferred to the Paradigm Group with immediate effect. A capital receipt of £1,745,000 would be received but will require a capital grant payment of £1,509. This would provide a net capital receipt of £235,209 this financial year for the Council.
- 5.8 There are a further 18 tenanted properties in the block that will be transferred to the Paradigm Group as they become void. The full market value will be paid for these units with a capital payment required from the Council, calculated at 88% of the sale price. The market valuations will be reviewed at the beginning of each financial year by the Head of Estates.
- 5.9 The Paradigm Group will carry out refurbishment of each individual unit with an average cost of £4,240. In conjunction to the work being carried out on each unit the housing Association will redecorate the communal areas, create a new lobby and entrance, install a new gas detection system in the riser shafts with alarms on each floor. Checks will be carried out on the existing power and lighting, TV aerial installation, door entry, CCTV and lifts. Further improvements to door entry and CCTV will be considered following detailed consultation with existing residents. The total costs paid for by the Association will be £489,600.
- 5.10 The loss of income from the current void properties has already been taken into account in the HRA Business Plan forecast and although it is difficult to predict the number of tenanted properties that will become void in the next year it is estimated that the block will become fully vacant by 2008. When fully tenanted, the block provides an annual gross income of £46,398 to the Housing Revenue Account.

6 Consultation

- 6.1 The residents of Goldings House have been consulted on the planned improvement work. The Tenants Panel is regularly briefed on all strategic housing issues.

7 Policy Implications

- 7.1 The proposal to help key workers will support public services for the benefit of the local community and meet the Council's Corporate Priority of providing more affordable homes for key workers.

8 Risk Assessment

- 8.1 A risk assessment has not been prepared in relation to the proposals in this report as there are no significant risks inherent in the proposals.

Name of author Darren Welsh
Title Chief Officer Housing Strategic Services

Date August 05

Background papers

Cabinet Report 4th September 2003

Local Government Capital Finance System, amended regulations (No2) Regulations 2004 (S.1 3055) 16/12/04

APPENDIX A
Goldings House costs

Structural Investigatory works	£2,500
Replace roof access hatch	£500
Redecorations - communal areas	£15,000
Works to waste pipes	£31,000
Boxing of heating pipes in communal areas	£600
Electrical installation - landlords	£1,000
TV aerial - checking	£500
Door entry system - checking	£1,500
CCTV system - checking	£750
Lift - service & overhaul	£1,000
Gas detectors to risers & alarm link	£6,500
New entrance	£17,000
Void works to flats @ £4000 per flat	£164,000
Blocking up balconies @ £1500 per flat	£33,000 (only 22 flats)
	£274,850
+ VAT	£48,099
	£322,949
plus inflationary factor / contingency	£48,442
	£371,391 (rounded down to 370k)
Acquisition	£616,500 (used as the balancing figure in ou
Works	£370,000
on-costs @13%	£128,245
	£1,114,745

ir appraisal)

number of properties in each category	date aquired
1	
1	
1	
1	

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GOLDINGS HOUSE
TRANSFER OF FLATS ON FLOORS 7-13

(3 X 2 Bed, 12 x 1 Bed, 16 x Bedsits)

No. of Beds	Flat No.	Existing Valuation	Increase 3.3%	Capital Subsidy 88%	Net capital subsidy (after deduction of refurb cost)	Total refurbishment costs excl VAT	VAT	Total refurbishment costs incl VAT	number of properties in each category
2	77	110,000.00	113,630.00	99,994.40	65,596.31	34,398.09	6,019.67	40,417.76	1
2	75	110,000.00	113,630.00	99,994.40	65,596.31	34,398.09	6,019.67	40,417.76	1
2	73	110,000.00	113,630.00	99,994.40	65,596.31	34,398.09	6,019.67	40,417.76	1
				-	-				3
1	72	85,000.00	87,805.00	77,268.40	50,688.06	26,580.34	4,651.56	31,231.90	1
1	70	85,000.00	87,805.00	77,268.40	50,688.06	26,580.34	4,651.56	31,231.90	1
1	66	85,000.00	87,805.00	77,268.40	50,688.06	26,580.34	4,651.56	31,231.90	1
1	64	85,000.00	87,805.00	77,268.40	50,688.06	26,580.34	4,651.56	31,231.90	1
1	62	85,000.00	87,805.00	77,268.40	50,688.06	26,580.34	4,651.56	31,231.90	1
1	60	85,000.00	87,805.00	77,268.40	50,688.06	26,580.34	4,651.56	31,231.90	1
1	58	85,000.00	87,805.00	77,268.40	50,688.06	26,580.34	4,651.56	31,231.90	1
1	54	85,000.00	87,805.00	77,268.40	50,688.06	26,580.34	4,651.56	31,231.90	1
1	48	85,000.00	87,805.00	77,268.40	50,688.06	26,580.34	4,651.56	31,231.90	1
1	44	85,000.00	87,805.00	77,268.40	50,688.06	26,580.34	4,651.56	31,231.90	1
1	42	85,000.00	87,805.00	77,268.40	50,688.06	26,580.34	4,651.56	31,231.90	1
1	38	85,000.00	87,805.00	77,268.40	50,688.06	26,580.34	4,651.56	31,231.90	1
				-	-				12
BS	71	65,000.00	67,145.00	59,087.60	38,761.46	20,326.14	3,557.08	23,883.22	1
BS	69	65,000.00	67,145.00	59,087.60	38,761.46	20,326.14	3,557.08	23,883.22	1
BS	67	65,000.00	67,145.00	59,087.60	38,761.46	20,326.14	3,557.08	23,883.22	1
BS	65	65,000.00	67,145.00	59,087.60	38,761.46	20,326.14	3,557.08	23,883.22	1
BS	63	65,000.00	67,145.00	59,087.60	38,761.46	20,326.14	3,557.08	23,883.22	1
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BS	55	65,000.00	67,145.00	59,087.60	38,761.46	20,326.14	3,557.08	23,883.22	1
BS	51	65,000.00	67,145.00	59,087.60	38,761.46	20,326.14	3,557.08	23,883.22	1
BS	47	65,000.00	67,145.00	59,087.60	38,761.46	20,326.14	3,557.08	23,883.22	1
BS	45	65,000.00	67,145.00	59,087.60	38,761.46	20,326.14	3,557.08	23,883.22	1
BS	43	65,000.00	67,145.00	59,087.60	38,761.46	20,326.14	3,557.08	23,883.22	1
BS	41	65,000.00	67,145.00	59,087.60	38,761.46	20,326.14	3,557.08	23,883.22	1
BS	39	65,000.00	67,145.00	59,087.60	38,761.46	20,326.14	3,557.08	23,883.22	1
BS	37	65,000.00	67,145.00	59,087.60	38,761.46	20,326.14	3,557.08	23,883.22	1
									16
	Total	2,390,000.00	2,468,870.00	2,172,605.60	1,425,228.89	747,376.71	130,790.92	878,167.63	31

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WELWYN HATFIELD COUNCIL
CABINET – 4TH SEPTEMBER 2003
REPORT OF THE CHIEF HOUSING OFFICER (STRATEGIC SERVICES)

GOLDINGS HOUSE, HATFIELD

Hatfield East Ward

1.0 Summary

- 1.1 The Paradigm Housing Group currently own the first 6 floors of Goldings House in Hatfield in which the Foyer Project is based and the Council owns and manages the upper floors.
- 1.2 The Cabinet previously agreed that the flats on the upper floors of the block will be transferred to the Paradigm Group when they become empty as part of a proposed new strategy for managing the block.
- 1.3 The new strategy would aim to better manage the block by having one single owner responsible for management and maintenance; and, by transferring the units at a reduced value, will provide resources to invest in improving the block without requiring additional capital expenditure.
- 1.4 It is also proposed that the use of the block is changed to offer a mix of affordable accommodation including housing for public sector key workers that are working locally to provide essential services, such as nurses, teachers, police officers, social workers, and fire fighters, to help with recruitment and retention issues.
- 1.5 An initial report was considered by Cabinet on the 9th July 2003 with indicative figures to demonstrate how the scheme could work. With the ending of Local Authority Social Housing Grant (LASHG) in April 2003, a further financial analysis has now been carried out to take the scheme forward which is summarised in this report.

2.0 Financial Implications

- 2.1 A revised financial analysis has been undertaken to assess viability and show how the scheme would work without LASHG.

- 2.2 Under the revised proposals, the Council will receive a reduced Capital receipt but no Social Housing Grant would be required. The capital receipt is reduced to reflect the costs of carrying out the extensive repair and improvements works without grant; the costs of eventually fully transferring the freehold of the block and the responsibilities associated with it to the R.S.L.; and the value to the Council of the 100% nomination rights. With the ending of LASHG, the scheme does not qualify for any other form of external grant under current government guidelines.
- 2.3 The works costs amount to an average of £12,152 per unit and a full breakdown of the costs is contained in Appendix A of this report.
- 2.4 The Paradigm Group are able to pay the Council an average of £15,000 per property transferred to them, once the cost of internal and external improvement work and long term maintenance, and the value of the nomination rights has been taken into account. As part of the works, the R.S.L. will replace kitchens, bathrooms, renew flooring, redecorate, and, where applicable, will fill in individual balconies, as has been carried out at the Foyer flats. The Council will receive 100% nomination rights to the affordable and key worker housing vacancies.
- 2.5 Prior to the work being carried out on individual void units, a comprehensive programme of work will be carried out to the communal areas of the block.
- 2.6 The communal areas will be redecorated and a new entrance lobby created for the residents. Checks will also be carried out on the existing power and lighting, TV aerial installation, door entry systems and CCTV and lifts. Further improvements to the door entry system and CCTV will be considered following detailed consultation with existing residents. A new gas detection system will also be installed in the riser shafts with an alarm link to each floor.
- 2.7 No Social Housing Grant is required and the total scheme costs for the Paradigm Housing Group will be £1,114,745. This figure includes the acquisition costs of £616,500, an average of approximately £15,000 per unit.
- 2.8 The Council's Estates Manager has been consulted and has advised us that the full market value of the units is currently estimated to be in the region of £50,000 for a bedsit, £60,000 for a one bedroom flat, and £75,000 for a two bedroom maisonette. Based on these values, the full market value of the units to be transferred is in the region of £2,355,000.
- 2.9 Under "The General Consents for the Disposal of Houses and Land 1999", the Council has powers to transfer dwellings to a registered social landlord at below full market value for "the best consideration that can reasonably be obtained" (General Consent A5.2.1). The assessment of best consideration is calculated by assessing what the registered social landlord is able to pay in accordance with Housing Corporation guidelines, once the works costs, ongoing management and maintenance costs, and revenue income have all been taken into account. The financial appraisal carried out by the Paradigm Housing Group indicates that they can afford to pay a total of £616,500 for the 41 units, or an average of £15,000 per property. Calculating the values by property type and size, and based on the property type differentials indicated by the full market value figures in section 2.8, this means that a bedsit would transfer for £13,090; a one bedroom flat would transfer for £15,708; and a two bedroom maisonette would transfer for £19,635.

2.10 The new rents proposed will be higher than those currently charged but significantly less than those on new build.

Bedsit	£48 per week
1 Bed Flat	£52 per week
2 Bed Flat	£64.77 per week

2.11 There will be a loss of income to the Housing Revenue Account (H.R.A) as a result of the transfer of the units and this has already been taken into account in the H.R.A Business Plan forecast.

2.12 The Council's current Capital Programme is based on the original scheme looking at 3 sales per year and forecast a capital receipt of £200,000 in 2003/4 and a grant requirement of £100,000. The revised projections will deliver an estimated capital receipt of £225,000 in 2003/4 (based on 15 sales at an average of £15,000 per unit), depending on the number and type of dwellings that become void, and will involve no Social Housing Grant expenditure.

3.0 Recommendations

- 1) That the flats and maisonettes at Goldings House are transferred to the Paradigm Housing Group when they become empty.
- 2) That the Paradigm Housing Group now take over responsibility for the future maintenance of Goldings House, as part of the phased handover of the block, and that the Paradigm Housing Group charge the Council for the cost of any internal repairs to the flats that are currently occupied by Council tenants.
- 3) That, when all the flats have transferred to the Paradigm Housing Group, the freehold of the building is then transferred to them for a sum which is based on the capitalisation of the individual ground rents.
- 4) That the flats are sold to the Paradigm Housing Group at a value of £13,090 for a bedsit; £15,708 for a one bed flat; and £19,635 for a two bedroom maisonette
- 5) That the Council's Capital Programme is updated accordingly.

4.0 Explanation

4.1 The Foyer Project, which provides accommodation, training, and support for young people, successfully opened in 2001 and is based on the first 6 floors of Goldings House in Hatfield. Floors 7 to 13 of the block, however, continue to be owned and managed by the Council and are let to Council tenants. There are presently 18 bedsits, 18 one-bedroom flats, and 5 two-bedroom maisonettes in the Council owned part of the block. There is also one privately owned maisonette, which was sold under the Right to Buy. Responsibility for the management and maintenance of the building is currently split between the Council and the Paradigm Housing Group.

- 4.2 To have the ownership and control of the building under one landlord would help streamline and simplify the management of the block and un-lock resources for investment in the block. A mix of key worker and affordable housing would be part of a wider strategy to help to upgrade the block and improve its let-ability. The Council will, however, have a much reduced housing stock in the block following the transfer of the initial units and it is recommended that the maintenance of the block fully transfers to the Paradigm Housing Group as quickly as possible as part of the phased handover of the block and that the Council is recharged by the Paradigm Housing Group the cost of any necessary repair work to the remaining Council properties.
- 4.3 Housing key workers is a top government priority and a priority for the Welwyn Hatfield Alliance and, in areas such as Hertfordshire, public sector employers are reporting severe problems with recruiting key front line staff such as teachers, nurses, and police officers. Such workers are often on moderate to average incomes but find themselves unable to afford the housing market because of high prices and also unable to access the relatively small amount of private rented accommodation that is available because it is in very short supply. At the same time, Councils are finding it increasingly difficult to meet their legal responsibilities to house the people in the greatest need who are often on very low incomes. The advantage of this proposal is that it would allow the Council to help house key workers and provide refurbished units at affordable rents for those applicants on the Councils' Housing Register.
- 4.4 The Council would be able to sell the units at Goldings House to the Paradigm Group under the general consents granted by Section 25 of the Local Government Act 1988 (consent: A5.2.1, as amended) as long as we are able to demonstrate that the units are in need of substantial works of improvement or repair. Otherwise, a special consent will be required from the Secretary of State for the disposals.
- 4.5 The Council is also working with the Paradigm Housing Group to consider proposals for the possible future development of the Goldings House car park, which is the former Council garage site. Any proposals will be subject to detailed planning permission but the development scheme put forward is likely to consist of supported housing in the form of a possible extension to the Foyer Project and general needs flats.
- 4.6 The options for the future of the other Hatfield tower block, Queensway House, will be the subject of a further report to Cabinet in December.
- 5.0 Policy implications
- 5.1 The proposal to help key workers will support public services for the benefit of the local community.

6.0 Consultation

- 6.1 The residents of Goldings House are currently being consulted on the planned improvement work. The Tenants Panel are regularly briefed on all strategic housing issues.

Darren Welsh
Chief Housing Officer (Strategic Services)
27th August 2003

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Goldings House Trickle Transfer proposals

- April 2003 LASHG abolished.
- Revised proposals and further financial analysis required on how proposed scheme considered by Cabinet on 9/7/03 can be changed to meet new Gov regime.
- Sept 2003 Cabinet agrees to new proposals for Transfer of void units at Goldings House to RSL at discounted value but requiring no social housing grant.
- October 2003. Revised proposals required reflecting changes in funding rules.
- Jan 2004 Implications of pooling effectively make proposals for future transfers difficult. Pooling is based on real or notional values and current transfers are based on discounted units and without grant. Updated valuations required on units, requirement to spend min of 30% of valuation on project in order to avoid pooling implications. Any transfer of units to RSL below market value requires the RSL to invest a certain percentage of the set aside amount on refurbishment. Current proposals for the discounted value transfer make this difficult to achieve.
- March 2004 Valuations requested on units from Councils Estates Dept
- May 2004 Costs and valuations confirmed. This will not allow transfer under General Consents. Requirement for Special Ministerial Consent to proceed
- June 2004 Advice requested from Councils Estates Dept on Councils Ability to demonstrate best consideration by agreeing average refurbishment costs per unit, discounted transfer amount and value of nomination rights.
- July 2004 Legal and financial advice being considered with regard to implications of the new pooling regime, loss of LASHG and possibility of creation of Capital Allowance. This would require Clear decision from Council to spend on Social Housing provision
- Sept 2004 Updated advice from Finance that pooling does not affect small scale voluntary transfers of units and we can either consider sale at discount and allow the RSL to invest in refurbishment of units or Council can provide a Capital Grant to enable refurbishment

- October 2004 Consideration now given to revised scheme. Transfer of units at full market value with provision of direct Capital subsidy. Possible better option for Council as higher Capital receipt will be achieved, refurbishment of the block, change in mix and maintain nomination rights
- Jan 2005 Request to Legal to confirm our Powers under General Consents and Local Gov Act 2000 to enable proposals to provide Capital Subsidy for the revised scheme which has full market values and provides the Council with a Capital receipt
- Housing Account informs that Ministerial Approval would be required for current transfer to proceed.
- Jan 2005 New advice from Finance that Special Ministerial consent will be required for disposal of units (qualifying disposal) to avoid pooling implications, whether at full market or discounted value.
- Jan 2005 Request to Legal to confirm Councils General Consents transfer of units can be undertaken either at Discount or full value
- Feb 2005: New advice received from Housing Finance that Pooling rules for receipts from transfers to RSL's have changed. RSL's are now exempt from Pooling and Special Ministerial Consent no longer required.
- April 2005 Legal confirm Councils powers under general consents and local Gov Act 2000 for provision of capital subsidy and disposal of dwellings, confirmation that such disposals / provision of Capital Subsidy would not be seen by Government as providing discounted value.

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