

# Brighton & Hove City Council

## Cabinet

## Agenda Item 177

**Subject:** Large Panel System Blocks Programme Update

**Date of meeting:** 20 March 2025

**Report of:** Cabinet Member for Housing & New Homes

**Contact Officer:** Interim Director of Housing Regeneration

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**Ward(s) affected:** Hollingdean & Five Ways, Kemptown, Whitehawk & Marina

**Key Decision:** Yes

**Reason(s) Key:** Expenditure which is, or the making of savings which are, significant having regard to the expenditure of the City Council's budget, namely above £1,000,000. Is significant in terms of its effects on communities living or working in an area comprising two or more electoral divisions (wards).

### For general release

#### 1. Purpose of the report and policy context

- 1.1 This report provides an update on the steps the council has taken to ensure that the 8 large panel system (LPS) blocks within its portfolio remain safe for habitation, while long term options for the buildings are explored.
- 1.2 This paper provides a mechanism for handling properties formerly bought under the right to buy where leaseholders would prefer to sell back to the council now and outlines our current approach for secure tenants wishing to move. The proposed approach contributes to the delivery of the strategic outcomes in the Council Plan 2023 to 2027 by ensuring that we are a fair and inclusive city.

#### 2. Recommendations

- 2.1 That Cabinet agrees to implement the policy as set out in this report for the continued buy-back of leaseholder properties formerly bought under right to buy in Dudney Lodge, Nettleton Court, Falcon Court, Heron Court, Kestrel Court, Kingfisher Court, Swallow Court and St James House.
- 2.2 That Cabinet notes the five-year projected budget of £18.770m agreed at Budget Council 27 February 2025 to support the buy-back of leaseholder properties in Dudney Lodge, Nettleton Court, Falcon Court, Heron Court, Kestrel Court, Kingfisher Court, Swallow Court and St James House.

#### 3. Context and background information

- 3.1 As part of our responsibilities under the Building Safety Act 2022 and Social Housing (Regulation) Act 2023 we commissioned detailed structural surveys on buildings within our housing stock. Structural engineering experts Ridge

were employed to carry out investigations into each of the blocks. It was reported that the eight blocks do not meet the current safety standards, in relation to their ability to resist a disproportionate collapse in the case of an explosion or large fire. Interim measures were put in place to ensure that the buildings remain safe to occupy whilst longer term decisions are taken on the future of the blocks.

3.2 The eight council blocks are:

- Dudney Lodge and Nettleton Court in Hollingdean
- Falcon Court, Heron Court, Kestrel Court, Kingfisher Court and Swallow Court in North Whitehawk
- St James House in Kemptown.

3.3 Whilst there is no immediate danger to the buildings and measures such as a ban on gas cannisters and barbecues have long been in place, acting on the advice of independent consultants we have taken a number of steps to introduce additional safety measures, to ensure all 8 LPS blocks remain safe for residents to continue living in. These include:

- A temporary ban on e-bikes and e-scooters in all areas of the building
- Alternative e-bike and e-scooter storage with an electrical supply has been installed away from all 8 blocks.
- Monitored CCTV 16 hours a day with onsite security providing eight-hour security for the 8 LPS blocks to mitigate the risk of banned items being taken into the building.
- Chapel Street car park, under St James House remains closed.
- A temporary halt to all vehicles parking underneath the building remains in place for the foreseeable future at the North Whitehawk blocks.
- A temporary suspension of the use of the garages behind Nettleton Court and Dudney Lodge remains in place for the foreseeable future.
- Temporary heating plant has been put in place for St James House to allow for the relocation of the communal heating supply from under the block in the car park.
- Removal of refuse / bin storage areas from under the blocks and regular clearance of bulk waste.
- Resources are now in place to provide 7 day a week, 9am to 5pm floor walks to support fire health & safety and to maintain clear common ways, including entrance and exit ways across all 8 blocks. Housing Estates Service staff are undertaking these floor walks during the week. SES Security at weekends.

3.4 The housing team have completed enhanced tenancy visits to every household, (apart from two where access is being followed up), living in the 8 LPS blocks. On completing visits, the team follow up on any urgent issues and referrals that have come up during the visit. They remain in regular liaison with the fire service, sharing information on vulnerable tenants who may require assistance, including around issues of fire safety, hoarding and evacuation. These visits have been well received by residents.

3.5 An 'Individual Cabinet Member Non-Key Decision' was taken in December 2024, to allow for homes that have become empty to be used as temporary accommodation to house people to whom the council owes a housing duty. This will be reviewed again to the point that the future programme for the blocks is agreed on. These properties are being sensitively let to households

- who are currently being accommodated in higher cost temporary accommodation.
- 3.6 24/7 security was initially implemented in order to manage the risk of banned items being brought into the building. To manage the risk and lower the cost, CCTV systems have been upgraded so they can be monitored from a central point in real time. This means security staff at the entrances to all the LPS blocks are no longer required 24 hours a day.
- 3.7 We are also continuing to engage and communicate with residents through 'drop in' events and regular newsletters, including information on evacuation procedures, storage for e-bikes and e-scooters, and planned repairs and fire safety works. We continue to discuss our ongoing management and actions with both the Building Safety Regulator and the Regulator of Social Housing.
- 3.8 We continue to work on our plans to establish what happens to the eight buildings in the longer term and are aiming for a Cabinet paper to be brought forward in June 2025 with recommendations regarding future options for the LPS blocks. These options will be underpinned by the main principles of creating a net increase in social housing, ensuring place making plans that create diverse communities through mixed tenures and that the plans for the future are financially sustainable. We will take a resident-led approach to the options for refurbishment or regeneration of each of the blocks, to ensure we maximize the potential of any proposal and will carry out full consultations with residents.
- 3.9 Since residents were advised about the issues with the blocks in July 2024 we have continued to 'buy back' properties with vacant possession from leaseholders within the blocks under our existing Home Purchase Policy. Leaseholder concerns have been raised due to the impact of the current situation on the valuation of their properties together with their inability to sell on the open market as buyers are unable to secure mortgages. These impacts also mean resident leaseholders are unable to move home, which they may wish to do, for a variety of reasons e.g. for work or to fulfil caring responsibilities. Although a decision hasn't been made on the long-term future programme for each block, the likelihood is that residents will need to move out either for a period of time for the works to be carried out, or on a permanent basis. This makes it highly probable that we will need to buy back leasehold interests in the blocks in order to have vacant units. As a result, consideration has been given to a longer-term approach to handling properties which leaseholders of properties formerly bought under right to buy would prefer to sell back to the council now. This policy will be reviewed once the options for the blocks are more developed.
- 3.10 It is proposed that for those leaseholders who wish to sell their properties now that a buy-back offer separate from the Home Purchase Policy should be put in place. This will help improve the situation for those residents and provide empty homes that the council could use as good quality temporary accommodation.

#### **Home Purchase Policy – Large Panel System blocks buy-back offer**

- 3.11 The offer would be entered into voluntarily by both the council and the long leaseholders and should be viewed as an offer being made under exceptional circumstances. The advantage of offering to buy back former right to buy leaseholder's properties is that it demonstrates the council's

commitment to treating leaseholders fairly and equally and is providing leaseholders with genuine choice in extraordinary circumstances.

- 3.12 The eight blocks currently have 44 leaseholders of properties formerly bought under right to buy made up of resident and non-resident homeowners.

<b>Size of property</b>	<b>Residential Leaseholders</b>	<b>Non-Residential Leaseholders</b>	<b>Total</b>
1 bed	4	3	7
2 beds	19	18	37
<b>Total</b>	<b>23</b>	<b>21</b>	<b>44</b>

- 3.13 We currently have an existing Home Purchase Policy in place to buy back former council owned homes purchased under right to buy. This sets out a range of situations when we will buy back homes and our approach but the presenting circumstances at these eight blocks require a separate and bespoke approach. The proposed approach is set out below and the Corporate Director of Homes & Adult Social Care in liaison with the Cabinet Member for Housing & New Homes will finalise the details of how the scheme will operate.
- 3.14 The council will offer to purchase a property based on an independent open market valuation. The valuation will be based on the condition of the property and block prior to the identification of structural defects. Leaseholders will also be invited if they choose to appoint their own surveyor to act on their behalf and to agree the value of the property through negotiation when an offer is made.
- 3.15 In addition, the council will offer a financial package which will differ depending on whether a leaseholder is resident (where the resident has been living at the property as their main home for the prior 12 months) or non-resident (not living at the property for the prior 12 months). This will be in line with the Compensation Code (which applies to the buyback of properties impacted by regeneration schemes). We will offer a 10% uplift on the agreed open market valuation for resident leaseholders and a 7.5% uplift for non-resident leaseholders as the home loss payment.
- 3.16 For resident leaseholders, we will provide additional financial assistance by compensating reasonable disturbance costs relating to their move including:
- The fees of their own independent surveyor (if appointed)
  - The leaseholder's reasonable legal fees and stamp duty for an onward purchase to the value of the leaseholder's existing property
  - Mortgage redemption fees where necessary and appropriate
  - Removal costs
- 3.17 For non-resident leaseholders, we will provide financial assistance by paying reasonable disturbance costs including
- The fees of their own independent surveyor (if appointed)
  - The leaseholder's reasonable legal fees and stamp duty for an onward purchase to the value of the leaseholders existing property

- 3.18 In addition if the leaseholder has purchased through the right to buy scheme and is required to pay back the discount in part or in full, they will not be required to repay the discount.

### **Interim Tenant Transfer Approach**

- 3.19 We are carrying out an assessment of housing need for each household with a secure tenancy in the 8 LPS blocks. We already know which households have a live housing register application. Carrying out home visits as outlined at 3.4, has also enabled us to identify households with a housing need who are not on the housing register. We are reaching out to residents to offer support where help may be needed to complete a housing register application
- 3.20 While work is underway to assess the future options for each of the blocks, we will continue to work with tenants who have an immediate housing need, to assist them in finding more suitable accommodation. Where people are unlikely to be successful in securing a transfer through bidding via the choice-based lettings process, a direct offer of a transfer may be made. Support and assistance are being tailored to the needs of individual households.
- 3.21 Once the long-term plans and programme of work for each of the blocks are established and approved, we will consider any wider future lettings strategies as appropriate.

## **4. Analysis and consideration of alternative options**

- 4.1 To continue to utilise the existing Home Purchase Policy to purchase homes bought under right to buy at a market value without the additional financial package. However, given the difficulty that leaseholders now have selling on the open market it is reasonable to offer the additional financial package alongside the market value at this early stage to ensure leaseholders are not disadvantaged by approaching the council early. This policy will also incentivise leaseholders to sell their properties to the Council, which will facilitate any regeneration or refurbishment programme.
- 4.2 Once a decision has been made on the future of the blocks and the programme of work required, we will review our strategy with regard to support we provide to tenants living there. Any plan will be carried out sensitively and in full consultation with tenants.

## **5. Community engagement and consultation**

- 5.1 The offer to have a clear mechanism to buy back properties has been a direct response to concerns raised from leaseholders collectively and individually. Public meetings have been held for residents in the affected blocks and leaseholders have urged the council to create a clear policy.
- 5.2 Once a policy is agreed further information will be provided to all leaseholders within the eight blocks.
- 5.3 We will explain to the residents

- What the proposal is and why it is being recommended
- What this will mean for them
- How we will keep communicating throughout the process
- Next steps

5.4 We understand that future decisions concern people's homes and communities and that uncertainty about the future of blocks may be disruptive and stressful. We are committed to keeping the people living in the blocks, updated as plans develop and to listening to their feedback and views

## **6. Financial implications**

- 6.1 An overall budget envelope of £18.8m across the next 5 years is available for the acquisitions of leasehold homes and initial feasibility works for the LPS blocks, as reported to Full Budget Council on 27 February 2025. Of this an amount assumed for buying properties back within that budget is £13.6m, which includes the cost of home loss and disturbance payments. In addition to that a further £3.2m for on-costs and allowing for a contingency on costs to cover any unknowns over that period of time.
- 6.2 There will likely be some variation in this amount depending on any future legal challenge or if market value increases. This amount has been set aside in the LPS budget line over the next 5 years and will be funded in whatever year the acquisition occurs. It is expected to be funded by borrowing/other sources. Any significant variations will be reported to Cabinet as part of the capital budget monitoring process.

Name of finance officer consulted: Craig Garoghan Date consulted 14/02/25

## **7. Legal implications**

- 7.1 Section 120(1) of the Local Government Act 1972 ("1972 Act") 120(1) authorises the Council to acquire any land by agreement for the purposes of a) statutory functions or b) for the benefit, improvement or development of its area. Under Section 120(2) of the 1972 Act the Council may acquire by agreement any land for any purpose for which they are authorised by the 1972 Act or any other act to acquire land, notwithstanding that the land is not immediately required for the purpose; and, until it is required for that purpose, it may be used for the purpose of any of the Council's functions. This report confirms the intended purchases for the discharge of its homelessness duties under Part VII of the Housing Act 1996 and that the purchases will facilitate the future regeneration or refurbishment of the LPS blocks. Given the intended housing purposes, the Council may also rely on Section 17 of the Housing Act 1985 when purchasing these properties. The Council may also rely on its general power of competence under the Localism Act 2011 Section 1 of the Act which lays down the basic principle that the Council has power to do anything that an individual generally may do, subject to the restrictions and limitations which are specified in the Act.
- 7.2 Whilst there is no legal duty on the Council to put in place such a policy at this stage, should vacant possession of the blocks be required for regeneration or refurbishment in the future, the CPO rules are likely to

become relevant when seeking to acquire the properties which are the subject of this report.

- 7.3 The Council will have obligations towards those who may be displaced by redevelopment schemes should this be confirmed as such. These obligations are contained in legislation, including the Land Compensation Act 1973. The Land Compensation Act 1973 requires persons who are to be displaced from land to be provided with compensation. Disturbance payments are also available to those who do not qualify for the statutory compensation and are to cover reasonable costs of moving home.
- 7.4 The policy outlined in this report should align with the CPO regime to facilitate any future Council plans for redevelopment or refurbishment. Based on the information given, there is not currently a conflict – however, as the policy is developed there will need to be further analysis.

Name of lawyer consulted: Siobhan Fry      Date consulted 06/02/25.

## **8. Equalities implications**

- 8.1 In making the offer to buy back leaseholder's properties and/or in assisting people with a housing need to transfer to a more suitable home, the council must have due regard for the possible effects of such a policy on any person sharing a protected characteristic in order to discharge its public sector equality duty.
- 8.2 This policy is offered equally across all long leaseholders in the eight blocks with homes formerly purchased under the Right to Buy. By offering a financial package this will help ensure leaseholders are not financially disadvantaged by selling the property and provides an opportunity to purchase an alternative property.
- 8.3 Support and assistance for tenants who are transferring to more suitable accommodation will be tailored to their individual needs.

## **9. Sustainability implications**

- 9.1 There are none.

## **10. Health and wellbeing implications**

- 10.1 Having a clear buy back policy will support leaseholders to have choice at this early stage. For those concerned about the future of their homes this policy could have a positive impact on their health and wellbeing.

## **Other Implications**

### **11. Procurement implications**

- 11.1 There are none.

### **12. Crime & disorder implications:**

- 12.1 There are none.

### **13. Conclusion**

- 13.1 Putting in place options for tenants and leaseholders whilst decisions are made on the future of the blocks provides them with real choice in the face of extraordinary circumstances. The proposed approach contributes to the delivery of the strategic outcomes in the Council Plan 2023 to 2027 by ensuring that we are a fair and inclusive city.

### **Supporting Documentation**

- 1 [Home Purchase Policy](#)

### **Appendices**

None