

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2887

Title: Assessment of an application to transfer homes on the Patmos/Lothian Estate (Lambeth) to a new landlord

Executive summary:

A formal application from PACCA TMO Ltd was received on 13 March 2019. The application proposes that 234 tenanted council homes and 50 leaseholder homes located on the Patmos/Lothian Estate are acquired by a new landlord (Vision Homes Lambeth Ltd), replacing the existing landlord (LB Lambeth). On 24 April 2019 the GLA confirmed to PACCA TMO Ltd that the application documentation comprised a valid application, sufficient to be subject to formal assessment by the GLA. On 8 June 2020, Director's Decision (DD) 2421 did not approve the application. In response to DD2421, PACCA TMO Ltd wrote to the GLA requesting reconsideration of the decision. The GLA agreed to reconsider and invited PACCA TMO Ltd to submit further written representations, advising PACCA TMO Ltd that it would then make another decision. PACCA TMO Ltd submitted further written representations on 28 August 2020. The GLA has assessed the application, taking into account the further representations made, in accordance with the relevant regulations and guidance issued by the Department for Communities and Local Government, now the Department for Levelling up, Housing and Communities. This decision supersedes DD2421.

The assessment is contained in Part 2 of this Decision (Part 2) because it contains commercial and legally sensitive information. The assessment recommends that the application should be approved, which would enable the proposals to move to the next stage of the transfer process, namely formal consultation with tenants.

Decision:

The Mayor approves the application submitted by PACCA TMO Ltd in respect of the proposed transfer of 284 homes on the Patmos/Lothian estate under the Housing (Right To Transfer from a Local Authority Landlord) (England) Regulations 2013 ("the 2013 Regulations") on the basis set out at paragraph 1.14 of this paper, based upon an assessment carried out in accordance with the same Regulations, statutory guidance and the Housing Transfer Manual published by the Government in July 2014.

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority.
The above request has my approval.

Signature:



Date:

3/3/22

PART I – NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

Decision required – supporting report

1. Introduction and background

Assessment of Right to Transfer applications

- 1.1. The GLA is responsible for conducting initial assessments of applications to transfer local authority-owned homes in London to a new landlord, made by tenant groups under the 2013 Regulations.
- 1.2. Under MD2867, the Mayor has delegated authority to the Executive Director of Housing and Land, in consultation with the Deputy Mayor for Housing and Residential Development, to make findings on assessments of applications made by tenants' groups under the 2013 Regulations – unless such findings identify that a decision in respect of an application could be novel, contentious or repercussive, in which case the decision will be made by the Mayor. As this is a reconsideration of an application, and the recommendation could be considered by some as contentious, it is appropriate that this decision is made by the Mayor.
- 1.3. The GLA's role also includes supporting applicant tenants' groups to develop their proposals; assessing their applications; and, if the application proceeds, approving the information provided to tenants to consider, through formal consultation and a ballot, whether they want their homes transferred to a new landlord.
- 1.4. The GLA's role is described in paragraph 2.19 of the Housing Transfer Manual (the Manual) published by the Government in July 2014:

"The GLA acts in relation to stock owned by London Boroughs [...]. They are responsible for:

- *initial discussions with a council or tenant group that is considering transfer preparatory to submission of a transfer application;*
- *carrying out formal assessments of each transfer application (alongside DCLG and HM Treasury where financial support for debt write-off or early redemption premiums is sought), including an assessment of value for money based on reliable evidence of how the proposal delivers government, and in London, Mayoral, priorities;*
- *approving tenant information provided in the formal consultation;*
- *assessing the provision of tenant information in the formal consultation;*
- *recommendations to DCLG on consent to transfer applications to the Secretary of State; and*
- *managing the transfer caseload, including agreeing each local authority or tenant group's transfer timetable."*¹

- 1.5. The Manual (paragraph 4.62) also explains that:

"The [GLA] will review the application once it has been formally submitted and take a view on whether it should be approved. Further clarification or evidence may be requested as necessary.

¹ Department for Communities and Local Government, [Housing Transfer Manual: Period to 31 March 2016](#), July 2014

Where no debt-write off is required the [GLA] will inform the local authority or the tenant group of its decision directly.”²

1.6. The assessment of applications for transfer centres on the business case supporting the application. The Housing Transfer Manual requires the business case to be organised under five main headings (the strategic, economic, commercial, financial and management cases). Under each heading the business case must address specific criteria through the evidence required, as set out at Annex A of the Manual, which is annexed to Part 2.

1.7. As explained at paragraph 4.4 of the Housing Transfer Manual:

“Business cases will be assessed to ensure that:

- they present a strong case for transfer: the Strategic Case covering drivers for change, with strong emphasis on macro benefits. Criteria include how the transfer will help deliver wider government, and in London Mayoral, housing and social policy objectives (in particular estate regeneration; greater tenant and resident empowerment; and the contribution to growth through additional homes, investment in the existing stock and local economic activity);*
- they deliver value for money: the Economic Case which monetises the benefits shown in the strategic case to demonstrate a positive benefit to cost position. Where precise figures are unavailable, estimates are acceptable if based on demonstrable, reliable evidence;*
- the transfer is viable: the Commercial Case covering indicative fundability of the transfer, asset management, delivery risks and landlord selection;*
- they are affordable by the government: the Financial Case covering the specific public sector costs and benefits of the proposed transfer. Criteria include demonstrating that the Transfer Value has been acceptably optimised in respect of the balance between maximising transfer value, minimising debt write-off and securing additional private investment which delivers growth and any debt write-off requirement is sufficiently justified; and*
- they can be delivered within an agreed timetable: the Management Case covering the timely delivery of the transfer project. Criteria include demonstrating that the project plan for transfer is achievable given the resources available.”³*

1.8. The Housing Transfer Manual (paragraphs 2.1 and 2.2) states:

“For transfer to take place, the consent of the Secretary of State under sections 32-34 and/or 43 of the Housing Act 1985 is required. Before giving that consent and agreeing to provide any support for debt write-off, the Secretary of State will wish to be sure that the proposal offers value for money; accords with government policy; has the support of the tenants involved; and provides them with the protection of a regulated landlord. The Secretary of State will consider these matters in full when deciding whether to grant consent to the transfer. In addition, prior to proceeding to formal consultation, the local authority or tenant group must have its application for transfer approved by the HCA or GLA.”⁴

PACCA TMO Right to Transfer Application

² Department for Communities and Local Government, [Housing Transfer Manual: Period to 31 March 2016](#), July 2014

³ Department for Communities and Local Government, [Housing Transfer Manual: Period to 31 March 2016](#), July 2014

⁴ Department for Communities and Local Government, [Housing Transfer Manual: Period to 31 March 2016](#), July 2014

- 1.9. A formal application from PACCA TMO Ltd (PACCA) was received on 13 March 2019 for the Patmos/Lothian estate. PACCA TMO Ltd is a tenant group pursuing a community-led transfer under the 2013 Regulations. This organisation was the Tenant Management Organisation for the Patmos/Lothian estate between 2009 and 2015. Appendix 1 contains more detail about the organisation and the development of the right to transfer application.
- 1.10. The application proposes that 234 tenanted council homes and 50 leaseholder homes are acquired by a new landlord (Vision Homes Lambeth Ltd), replacing the existing landlord (LB Lambeth). LB Lambeth and PACCA TMO Ltd came to agreement on a transfer value, and heads of terms for a transfer agreement, in advance of the formal application being validated.
- 1.11. On 24 April 2019, the GLA confirmed to PACCA TMO Ltd that the application documentation comprised a valid application, sufficient to be subject to formal assessment by the GLA. On 8 June 2020, DD2421 concluded the application should not be approved.
- 1.12. In response to DD2421, PACCA TMO Ltd wrote to the GLA requesting reconsideration of the decision. The GLA agreed to reconsider and invited PACCA TMO Ltd to submit further written representations, advising PACCA TMO Ltd that it would then make another decision, reconsidering the application and taking into account the further representations made, on the basis of the relevant regulations, statutory guidance and the Housing Transfer Manual. PACCA TMO Ltd submitted further written representations on 28 August 2020.
- 1.13. In addition to seeking a number of clarifications from PACCA TMO Ltd and LB Lambeth in respect of the application, Savills were appointed to undertake an independent review of the business case submitted by PACCA TMO Ltd. The GLA subsequently provided PACCA TMO Ltd with the opportunity to comment on Savills' review; and Savills has seen and commented upon PACCA TMO Ltd's responses. PACCA has provided further commentary on the Savills response. The Savills review, together with the clarifications/comments provided by PACCA TMO Ltd and LB Lambeth, have been taken into account where considered relevant to the GLA's assessment of the business case against the criteria set out in the Housing Transfer Manual. The further clarifications provided by PACCA since the completion of the Savills review have provided additional detail on the governance and viability of the proposals, which in turn has provided assurance and addressed concerns identified in the assessment in DD2421.
- 1.14. Part 2 together with Annex 12 of this Decision contains the assessment of PACCA's updated Right to Transfer application. This is because it contains commercial and legally sensitive information. For the reasons set out in Part 2 and Annex 12, it is recommended that the business case – and therefore the application – should be approved by the Mayor which would enable the proposal to move to the next stage of the transfer process, namely formal consultation with tenants. The basis upon which Vision Homes Lambeth Ltd achieves registered-provider status with the Regulator of Social Housing (which is a requirement of the transfer process in any case) should be the same (including the governance proposals) as set out in the offer document upon which tenants are balloted. Should the Mayor decide to approve the business case, the GLA would continue to have oversight of the transfer process, as the GLA must also approve the offer document and formal letters which are used for the consultation with residents. After this point, if the tenant ballot is successful, the final decision as to whether the transfer may proceed will be made by the Secretary of State for Levelling Up, Housing and Communities. The GLA would not be able to withdraw approval of the business case application if VHL does not achieve registration with the Regulator on the same basis as set out in the offer document, but it would be a point for the Secretary of State to consider when deciding whether to grant consent to transfer.

1.15. Part 2 and Annex 12 are not published at this time. This is because they contain commercially sensitive information. Upon publication of the Part 1 of this Decision, the GLA will write to PACCA TMO Ltd and LB Lambeth seeking their views on the GLA publishing a full or redacted version of the Assessment set out in Part 2 and Annex 12. The GLA will consider responses from PACCA and LB Lambeth when deciding whether to publish these documents

1.16. This Decision supersedes that made in DD2421.

2. Objectives and expected outcomes

2.1. The objective of this decision is to set out the GLA's assessment of PACCA TMO Ltd's right to transfer application, and the reasons for the GLA's decision (contained in Part 2). This will help enable the Secretary of State to discharge his function of making the final decision on the transfer.

3. Equality comments

3.1. Section 149(1) of the Equality Act 2010 provides that, in the exercise of their functions, public authorities – of whom the Mayor is one – must have due regard to the need to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

3.2. Relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

3.3. There is a chronic shortage of affordable housing in London and those with protected characteristics are more likely to disproportionately suffer as a result of that shortage. PACCA TMO Ltd's proposal includes the transfer of 50 leasehold homes, alongside 234 tenanted homes, let at social rents by LB Lambeth, to a new for-profit registered provider of social housing. PACCA also aspires to deliver additional affordable housing in the future. Retaining affordable housing at social rent levels and potentially delivering additional affordable homes in the future will go some way towards meeting housing need in the borough. A full equality impact assessment was conducted to inform the development of the Mayor's London Housing Strategy, which defines the Mayor's priorities for housing, including enhanced tenant involvement in estate regeneration.⁵

3.4. A majority of the individuals affected by the proposed transfer of their homes are likely to be Londoners who are Black or from minority ethnicities. In total, the last census (2011) found that 53 per cent of residents of the Vassall ward (in which the Patmos/Lothian estate is located) were non-White. PACCA is proposing a Board for the new landlord that is reflective of the broad ethnic background of the community, which is welcomed.

⁵ GLA, [London Housing Strategy: Impact Assessment](#), March 2018

- 3.5. Census data also shows that 21 per cent of individuals living in social rented accommodation in Lambeth reported a long-term health problem or disability, compared to 12 per cent of the population across Lambeth as a whole. This is likely to be broadly reflected among people living on the Patmos/Lothian estate. PACCA is proposing to include a local housing office, a 24/7 telephone line and a dedicated officer for the estate. This is likely to benefit all residents, particularly those who are less able to travel for services.
- 3.6. A relatively high proportion of the adult individuals affected by the proposed transfer of their homes are likely to be lesbian, gay or bisexual. Public Health England estimated in 2017 that 10 per cent of the adult population in Lambeth were lesbian, gay or bisexual – the highest proportion of any local authority in England.⁶
- 3.7. PACCA TMO Ltd's application contains some positive proposals including resident and community empowerment, promoting local economic activity and contributing to government and Mayoral housing and social policy objectives (see Part 2, Annex 12). Such proposals, among others assessed in the application, have the potential to advance equality of opportunity between people who share a protected characteristic and those who do not; and foster good relations between people who share a protected characteristic and those who do not.
- 3.8. In particular the proposed representative new Board and dedicated Resident Liaison Officer should increase the opportunity for genuine participation in decision-making and collaboration between communities when the resident members facilitate consultation with their neighbours. The new local office will improve access to services for all sections of the community but will be of particular value to those with mobility restrictions, limited digital access (often older residents) or caring responsibilities. Apprenticeships offered by PACCA should create access to employment and training opportunities for communities which have higher levels of unemployment (in Lambeth in 2020, the employment rate for White residents was 81.4 per cent, and for Ethnic Minority residents it was 68.8 per cent, according to the Office for National Statistics). Finally, a community chest offered by PACCA should enable residents to propose improvements to their estate, potentially facilitating collaboration between communities.
- 3.9. The outcome of the GLA's assessment means that, until a final decision is taken by the Secretary of State, the homes subject to the application will remain under the control of LB Lambeth, which is subject to the public-sector equality duty. The extent to which VHL is subject to the public sector equality duty in its activities is determined by whether it is performing functions of a public nature. However, post-transfer, it should be noted, that as nominations for the homes would still come through LB Lambeth, equalities considerations in relation to access to homes would be taken into account by them.

4. Other considerations

Links to Mayoral strategies and priorities

4.1. The Mayor's Housing Strategy has five priorities:

- building homes for Londoners

⁶ Public Health England, Producing modelled estimates of the size of the lesbian, gay and bisexual (LGB) population of England, January 2017

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/585349/PHE_Final_report_FINAL_DRAFT_14.12.2016NB230117v2.pdf

- delivering genuinely affordable homes
- high quality homes and inclusive neighbourhoods
- a fairer deal for private renters and leaseholders
- tackling homelessness and helping rough sleepers.

4.2. Paragraph 5.81 of the Mayor's Housing Strategy, provides:

"It is essential that tenants, leaseholders, freeholders, and other residents and users of estates be reassured that, where regeneration is being considered, they will be fully involved in the process, and that councils, landlords and others will abide by a common minimum set of standards."

4.3. The Mayor's Good Practice Guide to Estate Regeneration, February 2018, "Better Homes for Local People", outlines that social housing residents must be at the heart of decisions about the ongoing management and future of their estates.

4.4. The London Plan 2021 states at paragraph 1.0.1, "Good Growth – growth that is socially and economically inclusive and environmentally sustainable – underpins the whole of the London Plan and each policy". The six Good Growth objectives are:

- GG1 Building strong and inclusive communities
- GG2 Making the best use of land
- GG3 Creating a healthy city
- GG4 Delivering the homes Londoners need
- GG5 Growing a good economy
- GG6 Increasing efficiency and resilience.

Impact assessments and consultations

4.5. The GLA has worked with PACCA TMO Ltd since 2017 in relation to the proposed transfer. This has included supporting PACCA to develop their proposals and seeking requests for further clarification on various matters (see Annex 2 to Part 2). The GLA has also met with members of PACCA, and in meeting representatives of the tenants' group, the GLA has understood that tenants from PACCA have a clear motivation to assert a higher level of control over the way their homes are managed.

4.6. GLA officers have consulted with the local authority (London Borough of Lambeth) for clarifications and confirmation of facts (see Annex 3 to Part 2).

Risks

4.7. There is a risk that without publishing the findings of the assessment of PACCA TMO Ltd's "right to transfer" application, the GLA would be failing to fulfil a key responsibility defined by central government in the Housing Transfer Manual. The impact of this would be uncertainty for tenants and leaseholders affected by the proposed transfer, and for other key stakeholders including the existing landlord (LB Lambeth) and the stakeholders in the proposed new landlord (Vision Homes Lambeth). To address this risk, subject to the Mayor's Decision it is proposed to make the findings of the GLA's assessment available in the public domain, subject to redactions on grounds

of commercial sensitivity. There are some potential risks to the transfer proceeding following approval of the application by the Mayor. These include the risks set out in 4.8 to 4.10 below.

- 4.8. On 30 March 2020 the GLA sought assurance that the tenants' group; Berish Berger and the companies named in PACCA's application as providing finance to VHL; the London Borough of Lambeth; and Pinnacle PSG remain ready, willing and able to proceed with the proposed stock transfer and management on the terms presented in the application – in the event that the application is approved to proceed to ballot and achieves a positive ballot result endorsing transfer. The individual representing PACCA confirmed on 1 April 2020 that he had spoken with the tenants' group, the Berger group of companies and Pinnacle PSG; and that all had confirmed their willingness and ability to proceed to ballot. More recent assurance has been received through clarifications from PACCA in August 2021, which indicate that PACCA remains confident that the funders' formal letters of support received in 2018 can still be relied upon. PACCA has also confirmed in August 2021 clarifications that Pinnacle PSG has been appointed to deliver the housing management function.
- 4.9. The GLA received confirmation from LB Lambeth in November 2021 that the LB Lambeth "reserves the right to oppose this transfer and make its views on this matter known to residents", albeit LB Lambeth also stated that should the GLA approve PACCA's application it would agree a timetable for ballot with the GLA and VHL. This is a risk to the transfer proceeding in a timely manner. A further timetable must be agreed between the parties.
- 4.10. The 2013 Regulations provide that LB Lambeth must agree a timetable, and continue to provide reasonable facilities and sufficient information to the tenants' group unless (amongst other things) it has applied to the Secretary of State for a determination that the proposed transfer will have a significant detrimental effect on the provision of housing services in the area of the authority or the regeneration of the area, which would bring a formal halt to the transfer process.
- 4.11. See part 2 for further risks.

Declarations of interest

- 4.12. The officers involved in the drafting or clearance of this form do not have an interest to declare in accordance with the GLA's policy on registering interests which might, or might be seen to, conflict with this Mayoral Decision.

5. Financial comments

- 5.1. The Decision is seeking approval to transfer 284 homes on the Patmos/Lothian estate from LB Lambeth to a new landlord (Vision Homes Lambeth Ltd). The GLA is not expected to incur costs on this project in the current and future financial years. This decision is not considered to have financial impacts on the GLA.

6. Legal comments

- 6.1. The 2013 Regulations set out a procedure for tenant groups to explore and apply for transfer of local authority owned homes to a private registered provider of social housing. The 2013 Regulations set out the procedure to be followed by tenant groups and local authorities,

together with the circumstances in which a determination might be made by the Secretary of State.

- 6.2. Regulation 3 of the 2013 Regulations provides that local authorities must have regard to any guidance given by the Secretary of State relating to these Regulations. Statutory guidance was issued by the Secretary of State in November 2013 and it is this guidance, together with the Manual to which the guidance refers, which set out those areas that require GLA assessment or approval.
- 6.3. Under section 30 of the Greater London Authority Act 1999 (the GLA Act), the GLA has power to do anything which it considers will further any one or more of its principal purposes which are promoting economic development and wealth creation in Greater London, promoting social development in Greater London, and promoting the improvement of the environment in Greater London. Section 34 of the GLA Act provides that the GLA may do anything which is calculated to facilitate, or is conducive or incidental to, the exercise of its functions. The GLA's role pursuant to the above statutory guidance and the Manual fall within the statutory powers of the GLA under sections 30 and 34 to promote social development and/or to do anything which is facilitative of or conducive or incidental to the promotion of social development in Greater London. In preparing the recommendation in respect of which a decision is sought, officers have complied with the GLA's related statutory duties to:
- pay due regard to the principle that there should be equality of opportunity for all people (section 33, GLA Act 1999)
 - have regard to the effect which the proposed exercise of the GLA's power would have on each of the health of persons in Greater London, health inequalities between persons living in Greater London, the achievement of sustainable development in the United Kingdom, and climate change and the consequences of climate change (section 30(4) GLA Act 1999)
 - consult with such bodies as the GLA considers appropriate (section 32, GLA Act 1999).

7. Planned delivery approach and next steps

- 7.1. The table below sets out key next steps in the transfer process and indicative timeframes from the date of this decision.

Activity	Timeline
GLA and LB Lambeth agree offer document	Spring / early Summer 2022
Local authority consultation (Stages 1 and 2) completes	Late 2022 / early 2023
Ballot	Early 2023
Vision Homes Lambeth achieves registration as a registered provider	Spring 2023
Secretary of State approves transfer	Spring / early Summer 2023
Transfer completes	Summer 2023

Appendices and supporting papers:

Appendix 1: PACCA TMO Ltd's development of a Right to Transfer application

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it may be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after it has been approved or on the defer date.

Part 1 – Deferral

Is the publication of Part 1 of this approval to be deferred? YES

If YES, for what reason: To allow for coordination to discuss and update community groups and LB Lambeth with the outcome of the assessment.

Until what date: 7 March 2022

Part 2 – Sensitive information

Only the facts or advice that would be exempt from disclosure under the FoIA should be included in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – YES

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Charlotte Harrison has drafted this report in accordance with GLA procedures and confirms the following:

✓

Sponsoring Director:

Rickardo Hyatt has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

Tom Copley has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

Corporate Investment Board

This decision was agreed by the Corporate Investment Board on 21 February 2022

✓

EXECUTIVE DIRECTOR, RESOURCES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature

Date

D. Bone

22/2/22

CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature

Date

D. Bellamy

21/2/22