

SLOUGH BOROUGH COUNCIL

REPORT TO: Cabinet **DATE:** 21st June 2021

CONTACT OFFICER: Joe Carter, Strategic Director of Transformation

WARD(S): Central

PORTFOLIO: **Councillor Swindlehurst – Leader of the Council**
Councillor Mann – Housing, Highways, Planning & Place

PART I **KEY DECISION**

NOVA HOUSE: UPDATE ON PROGRESS

1 Purpose of Report and Background

- 1.1 Nova House is a block of 68 apartments in the town centre, converted from offices to residential accommodation in 2015. Following the tragic fire at Grenfell Tower on 14 June 2017 the cladding at Nova House failed two flammability tests and further survey work during the summer and autumn of 2017 revealed significant defects with the compartmentation within the building.
- 1.2 During September 2017 the level of defects within the building was such as to lead both the Royal Berkshire Fire and Rescue Service (“RBFRS”) and the Council to question whether the building could continue to be occupied. Throughout this period the Council and RBFRS were in regular contact with the then owners of the building and began to have concerns about their capacity to undertake the substantial remediation work required to the building.
- 1.3 The primary concerns of the Council were, and continue to be, to protect the safety of residents, the wider interests of the community as a whole, and the interests of leaseholders (some of whom are also residents of Nova House).
- 1.4 At the end of September 2017 the evidence emerging from the building was such that RBFRS was considering enforcement action which may have led to the immediate evacuation of Nova House. In order to protect the interest of residents and to ensure the necessary remediation works were undertaken, the Council decided to acquire the shares in Ground Rent Estates 5 Limited (“GRE5 Ltd”), the company owning the freehold title of Nova House, and this was completed on 7 March 2018. The Council also appointed directors to the company board. In doing so, the Council committed to, and remains committed to, resolving the dangerous Aluminium Composite Material (ACM) cladding issue present on the building.
- 1.5 Interim fire safety measures were put in place, and continue to be in place, in the building to ensure the safety of residents, pending the completion of remediation works. These have included a high-quality heat detector system, the presence of a 24 hour waking watch and immediate evacuation procedures in the event of fire.
- 1.6 On 21 January 2019, the Cabinet was asked to approve a £7m loan facility to GRE5 with the option of providing a further loan of £3m, if required, subject to the delegated authority of the s151 officer. The loan facility was approved to pay for costs associated with the remedial works programme required to bring the building up to

standard. This loan was approved by Cabinet, but it should have been approved by full Council and will require further approval.

- 1.7 GRE5 has now proposed a programme of works to rectify the main defects. A draft Development Agreement (DA) has been agreed which relates to the main works programme (predominantly cladding replacement and immediate associated works). A follow-on phase of work is also required to address other non-cladding fire safety issues. The DA will be between GRE5 and Slough Urban Renewal (SUR) (lead contractor) with additional contracts with specialist contractors as required as part of the DA. These works can be carried out without an evacuation of the building.
- 1.8 GRE5 has been successful in recently securing a substantial grant from The Ministry of Housing, Communities and Local Government (MHCLG)/Homes England (HE) to contribute towards the costs of ACM cladding replacement works. The Grant Funding Agreement (GFA) will be between MHCLG, HE, GRE5 and SUR and will cover approximately 75% of the DA costs. Due to HE's requirement for SUR to be a party to the GFA (in its role as lead contractor), SUR has requested that the Council provides a parent company guarantee (PCG) to effectively underwrite the costs under the DA.
- 1.9 Estimated costs of the works and other associated costs have significantly increased since the Council acquired the 100% shareholding of GRE5 in 2018. They have also increased since the last cabinet briefing in December 2019. Based upon current estimates, GRE5 faces a funding shortfall and will be unable fund the costs to deliver GRE5's planned works programme. The financial implications section provides a history of cost estimates for Nova House plus a funding strategy. GRE5 has limited assets and very limited options in terms of obtaining additional funding. As GRE5's 100% shareholder, this is an issue the Council will need to address and could potentially add to the Council's financial pressures this year and in subsequent years.
- 1.10 GRE5 continues to pursue a number of routes for the recovery of costs incurred on Nova House. These include a claim against the warranty provider and recovery of costs from leaseholders through service charges. There is a risk that the total costs associated with Nova House may not be fully recovered from third parties and any monies due to the Council's loan may not be recovered which would have an impact on the Council's reserves.

2 Recommendation(s)/Proposed Action

The Cabinet is requested to:

- a) Note this update including the latest financial position;
- b) Note that there may be a requirement for an additional loan facility to be made available to GRE5 (subject to additional analysis) which will require full Council approval;
- c) Note that a Council parent company guarantee is required to enable GRE5 to enter the GFA and secure funding from HE. The guarantee should relate to the DA costs for ACM cladding and strictly associated works only;
- d) Recommend to Full Council that approval should be given for a parent company guarantee to be entered into as set out in c) above and that the Treasury Management Strategy should be amended to reflect this;
- e) Recommend to Full Council that the loan facility previously approved by the Cabinet be approved and that authority be delegated to the Chief Executive to enter into an appropriate loan agreement with GRE5;

- f) Delegate authority to the Chief Executive to develop a longer-term strategy for GRE5, including appropriate phasing of future works and options for the leaseholders or another third party to acquire the shareholding;
- g) Note that the issues arising will be dealt with as part of the ongoing financial review of the Council's governance and contract management of its Group Companies;
- h) Agree that a decision on an additional loan facility is deferred until further information on future works and costs is available in the next month and that a decision may be sought directly from Full Council if this is not in accordance with the Treasury Management Strategy; and
- i) Agree that the Council requests that GRE5 prioritise essential cladding and directly associated works under the DA and that it reviews the scope and timing of all other works outside the scope of the DA, including ongoing advisor costs in light of the Council's financial constraints.

3. **The Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan**

(a) Slough Joint Wellbeing Strategy Priorities

The original project was intended to ensure that the private housing block was brought up to standards to meet those required for private sector housing. The Council choose to do this via acquiring the shares in GRE5, as opposed to utilising its enforcement powers under the Housing Act 2004.

(b) Five Year Plan Outcomes

The project was intended to ensure that Nova House was brought up to standard to allow tenants to safely live in the property without the need for ongoing interim measures to address the fire risks evident from the defects in the building.

4 **Other Implications**

(a) Financial

1. Costs associated with Nova House were estimated to be approximately £4m in October 2017 when the Council acquired GRE5. At the last Cabinet briefing in December 2019, costs were estimated to be approximately £7m plus VAT ¹and costs of £1.2m had been incurred by that date.
2. Total costs are now estimated to be approximately £17.8m based upon latest estimates as of May 2021. This includes legal fees, insurance advisors' fees, waking watch fees, cladding works and other fire safety works that are considered to be essential by GRE5. A summary of total costs is provided at Table 1.

¹ Note that GRE5 is exempt from VAT. Therefore costs are stated gross of VAT. The Council has commissioned additional VAT advice to consider the optimum structure for contracting for services given regulatory, statutory and legal requirements. This will also consider VAT risks for the Council including additional VAT liabilities/payments.

Table 1 GRE5 Nova House Financial Summary

COSTS £m	Total	Pre 21/22	21/22	22/23	23/34
GRE5 Nova House costs to date	5.58	5.60			
Less: PCSA costs included in the Dev Agreement	-2.20	-2.20			
	3.38	3.40			
Cladding and associated works (Development Agreement)	9.98		8.96	0.78	0.22
Other fire safety works (estimate - not yet procured)	2.40		2.07	0.26	0.07
Future operational costs	2.05		1.05	1.00	0.00
Total costs	17.81	3.40	12.09	2.04	0.29
FUNDING £m					
Homes England grant funding	7.78	0.00	6.93	0.66	0.18
Existing loan facility from Council	7.00	3.40	3.60		
Total funding	14.78	3.40	10.53	0.66	0.18
Funding surplus / (shortfall)	-3.03	0.00	-1.55	-1.38	-0.11

3. The Cabinet approved a GRE5 loan facility of up to £7m in January 2019 for fire safety remediation works. The Cabinet report also requested an additional loan facility of up to £3m if it was deemed essential by the s151 officer (to be delegated to the s151 officer and Leader with consultation with the Member for Corporate Finance).
4. The Council's Treasury Management Strategy (TMS) does not permit loans to third parties other than James Elliman Homes and SUR. A Council decision will now be required to approve any loan facility.
5. Following Cabinet approval of the loan facility, a draft loan agreement was produced although this has not been executed. Loan drawdowns have not taken place, instead the Council has established a capital programme cost code specifically for GRE5. Costs associated with Nova House that have been instructed by GRE5 have been added to the Council's cost centre in the capital programme and paid for by the Council. This has the effect of accumulating GRE5 costs associated with Nova House on the Council's balance sheet.
6. Costs of £5.6m have been incurred to date and included on the Council's balance sheet. Of this, £2.2m relates to essential works under the Pre-Construction Service Agreement (PCSA) between GRE5 and SUR. HE will fund these under its GFA. £3.4m relates to Nova House operational costs for legal fees, waking watch costs, advisors, and minor internal safety works. Of the Council's original £7m loan facility, a balance of £3.6m remains² and the Council's capital programme includes an allocation of £3.6m for GRE5 fire safety works. The loan facility approved by Cabinet has been used to fund a wide range of costs other than the fire remediation costs which was the original intended purpose of the loan facility. Cabinet needs to agree what the remainder of the loan facility should be used for and how future spend should be authorised.
7. It is highly likely that some of these costs (£5.6m incurred to date) (a) relate to Council expenditure (and not GRE5) and should be charged to the Council's revenue account and not to the capital programme (e.g. Council's due diligence costs) and (b) may not be fully recoverable under any insurance claim or action against leaseholders. GRE5 will be requested to undertake a review of all costs to establish the appropriate accounting treatment and eligibility of costs for future claims and recharges, as well as

ensuring that leaseholders have been invoiced for all outstanding service/maintenance charges. This may result in additional revenue costs for the Council (costs that should not have been capitalised on the Council's balance sheet). This may also result in an impairment in the value of any loan to GRE5.

8. In addition to the costs above, total revenue costs of £0.4m have been incurred by the Council since it acquired GRE5. i.e. not recoverable from GRE5 or any other third party.
9. GRE5 has been successful in securing a HE grant of £7.8m for cladding works. The GFA is between GRE5, HE, MHCLG and SUR (as lead contractor). The DA for these works has a value of £9.98m; HE has confirmed that £2.2m of these costs are ineligible for HE funding. GRE5 considers that all costs are essential to fulfil its fire safety responsibilities which results in a contract funding shortfall of £2.2m. The Council should require that this scope of works is subject to further assessment to ensure that the minimum scope of works is delivered given the Council's financial constraints.
10. HE requires the lead contractor to the DA(SUR) to enter the GFA alongside MGCLG, GRE5 and HE. As a result, SUR require a parent company guarantee from the Council. The Council's exposure on the DA is £2.2m (difference between the HE grant and the total contract value) although could increase if contract variations are required. The risk on this is mitigated to some extent as terms of the DA and PCSA require the Council to agree to any contractual variations in advance.
11. GRE5 continues to seek ongoing legal and insurance advice. GRE5 provided a paper to its shareholder (the Council) with its latest legal opinion in January 2021. It is anticipated that not all of the expenditure may be capable of being reclaimed via the insurance route and therefore the Council's loans are at risk of non-payment by GRE5. There is also a risk of additional costs being incurred should further work be required or third-party legal fees become payable by GRE5.
12. Claims against third parties are complicated by the current cost reporting arrangements. Whilst all transactions are accounted for by the Council and included within the capital programme, improvements can be made to further analyse all costs and account for them within GRE5 loan facility rather than the current arrangement of allocating all costs to the Council's capital programme. Service Level Agreements (SLAs) will be established for the provision of Council services to GRE5 (e.g. accounting support) to ensure there is clarity for both the Council and GRE5 as to its costs and liabilities.
13. With limited income and no assets apart from the freehold title for Nova House, which has limited market, GRE5 is unable to secure additional funding and faces a funding shortfall of at least £3m based upon current estimates. The shortfall in financial year 2021/22 is estimated to be £1.55m (see table 1). Cost estimates continue to increase, and the Council should take steps to reduce its financial exposure. The funding shortfall could be further reduced or deferred if:
 - a. works under the DA minimised to cover essential cladding works only that is recoverable from HE i.e. the scope of the works in the DA should be reassessed and reduced;
 - b. additional contracts for works not yet procured are re-evaluated and consideration is given to the scope of works, the recoverability of costs under the warranty claim or from leaseholders and a funding strategy;

- c. liaison with leaseholders continues with regard to service charges and options for ownership of the freehold of the building;
- d. all additional costs are reviewed and reduced where possible e.g. review of waking watch cost requirements, review of legal fees and other advisors; and
- e. monies lawfully due from leaseholders are levied by way of service charges and collected.

14. Based upon Table 1, and in the absence of any further monies from HE and third-party claims, GRE5 will require an additional loan facility of £3m through to the end of financial year 23/24 (this is in addition to the original £7m loan facility approved in January 2019). This would result in total Council loans to GRE5 of £10m. If the “other works” planned in 21/22 were to be deferred to the following year (£2.1m), there would be no requirement for an additional loan facility in 21/22 based upon current projections. It is recommended that a decision on an additional loan facility is deferred until further information on future works and costs is available in the next month.
15. It is recommended that the Council requests that GRE5 prioritise essential cladding and directly associated works under the DA to unlock HE funding. The Council should also request that GRE5 reviews the scope and timing of all other works, including ongoing advisor costs. This will require the Council to provide a parent company guarantee to SUR, to enable GRE5 to drawdown the HE grant. This will require a Council, and not Cabinet, approval and it should also be reflected in the Treasury Management Strategy. The Council could consider options to apply a cap to such a guarantee to protect its position.
16. It should be noted that HE has already provided a grant of £1.6m to GRE5 in relation to the PCSA costs (this is part of the total £7.8m total funding award). The Council should request GRE5 to transfer these monies to the Council as they relate to costs paid for by the Council.
17. Governance, management, contractual and reporting arrangements between GRE5 and the Council require updating to reflect the scale and risk of its ongoing activities. Existing arrangements were established quickly in response to the circumstances at the time of acquisition. Given this next phase of work and additional Council risk and financial obligations in relation to GRE5, arrangements should be redesigned and strengthened. This should include clearer roles and responsibilities, SLAs for key services, robust regular reporting, clear decision making processes and clearly defined revised governance arrangements. This includes a review of the Council’s shareholder representatives/director appointments.
18. The Council acquired GRE5 to enable the effective completion of the ACM cladding replacement works required to protect the residents of Nova House. Other works may be required that will need a longer term strategy that considers the necessity and phasing of any further works and options for acquisition of the shareholding by the leaseholders or another third party. This strategy has not yet been established and the Council should consider its range of options including the legal, regulatory and financial implications associated with the developed strategy. The findings of this review and proposed future strategy will be provided to Cabinet before the end of financial year 21/22.

Ability to provide funding/loan to GRE5

The Council has a number of powers to provide loans and grants to third parties.

Section 12 of the Local Government Act 2003 permits the Council to invest for any purpose relevant to its functions or to the purposes of the prudent management of its financial affairs. In making decisions on whether to invest in an outside body, the Council should act in accordance with its Treasury Management Strategy and the Prudential Code for Capital Finance and the Statutory Guidance on Local Government Investments. The guidance confirms that loans are covered by this guidance and refer to a written or oral agreement where a local authority temporarily transfers cash to a third party, joint venture, subsidiary or associate who promises to return it according to the terms of the agreement, normally with interest. The current guidance relates to decisions made on or after 1 April 2018. The Council has a Treasury Management Strategy that should contain disclosures and reporting requirements in accordance with the statutory guidance. To date, the Council has not included the loan in its Treasury Management Strategy and no loan agreement has been signed. In addition, if the Council wishes to make a material change to its Strategy during a year, a revised Strategy should be presented to full council before the change is implemented.

If the Council decides to provide an additional loan to GRE5 as an investment, it is required to seek authority for this from full council. A prudent investment policy should have two underlying objectives, namely security (protecting the capital sum invested from loss) and liquidity (ensuring the funds invested are available for expenditure when needed). The Council should separately consider the generation of a yield.

It is unlikely that the Council can demonstrate that the loan to GRE5 is justified as an investment. Firstly, the company does not have a sufficient asset to provide adequate security and repayment of the loan is based on the success of litigation and third-party recovery. Secondly, there was lack of clarity in previous reports as to how long the loan should last for, affecting the Council's ability to make decisions on its available resources in the future. The Council would need to identify a power to borrow the monies for this purpose.

Section 1 of the Local Government Act 2003 sets out a power to borrow for any purpose relevant to its functions under any enactment.

As opposed to providing a loan to GRE5 as an investment, the Council could decide to provide a grant or loan in accordance with its other powers.

	Net of VAT £m	Including VAT £m	
Cabinet reporting: costs estimate - October 2017	4.00	4.80	
Cabinet reporting: costs estimate - December 2019	7.00	8.40	
Current estimate - May 2021		17.80	
Increase in cost estimate since last Cabinet briefing		9.40	112%
Amount included in the Council's capital programme as at May 2021		-3.6	
Future cost estimate		14.41	
HE grant		-7.78	
Funding shortfall before further cost / programme review		3.03	

Section 24 of the Local Government Act 1988 permits the Council, as local housing authority, to provide any person with financial assistance for the purposes of, or in connection with, the acquisition, construction, conversion, rehabilitation, improvement, maintenance or management of any property which is or is intended to be privately let as housing accommodation. Financial assistance includes making a grant or loan, guaranteeing the performance of any obligation owed to or by that person, indemnifying that person in respect of any liabilities, loss or damage or acquiring share capital in a body corporate. Secretary of State consent is required to rely on this power, but a general consent has been provided for financial assistance, other than disposal of an interest in land or property.

As the majority of the flats within Nova House are owned by landlords who have to date been letting them out to private tenants, the works to Nova House will ensure that tenants have access to good quality and safe accommodation. The financial cost of works to remedy defects caused by flammable cladding and other defects increasing the risk of fire have been well publicised and whilst many of these costs can legally be charged to leaseholders, it is very difficult for individual leaseholders to take legal action under warranties and to fund works pending such claims. For this reason, the LGA has lobbied Government to provide funding for remediation works. In response, the Government has provided financial resources for private sector building owners to fund the cost of remediation works to replace unsafe cladding. GRE5 was successful in securing a grant to cover a proportion of the cost of the remediation works.

Providing funding under s.24 LGA 1988 could create an expectation that the Council will fund other private sector housing maintenance works. However, Nova House is the only high-rise residential block with defective and flammable ACM cladding on it and it is reasonable to argue that this creates an exceptional circumstance to justify providing significant financial support to this freehold company, when financial support has not been provided to other building owners in the past.

(b) Risk Management

The main risks for the Council in relation to Nova House are financial and are fully covered in the finance implications. GRE5 as the freeholder has responsibility for maintenance responsibilities under the leases, however this does not provide an obligation on the Council, as the sole shareholder, to provide a specific level of funding. As in most residential leases, whilst the maintenance responsibilities for structural issues lie with the freeholder, the cost of these are chargeable via service charges, subject to compliance with statutory consultation and other obligations. GRE5 have taken appropriate advice from professionals to support the board of directors with compliance with its statutory responsibilities.

As sole shareholder, the Council is responsible for appointing directors to the company board. The Council will be reviewing the company's governance arrangements alongside a wider review of companies' governance and this may include a skills audit and options to appoint independent non-executive directors. The Chief Executive has delegated authority to make such appointments.

(c) Human Rights Act and Other Legal Implications

Regulatory compliance

GRE5 is responsible for regulatory compliance of the Nova House site and has worked closely with key regulators: RBFRS, SBC Building Control and Housing Regulation.

In November 2018, MHCLG issued guidance to local authorities in relation to their Housing Act 2004 duties. This specifically addressed the profile for the hazard of fire in relation to cladding systems on high rise residential buildings. The guidance clarifies that the 2004 Act permits the inspection and rating of the common parts as separate residential premises and that this includes the exterior of the building and internal common parts of each floor and that consideration should also be given to balcony areas and terraces, service risers and ducting.

The guidance confirms that the fire authority also holds responsibility for fire hazards under the Fire Safety Order and it is recommended that there be a local protocol on the liaison between the Council and the fire and rescue authority, including the need for the Council in its enforcement role, to consult with the fire and rescue authority in advance of any action, except in an emergency situation.

The guidance confirms that interim measures such as waking watches should not be considered in the hazard assessment but will be relevant to decisions on what action should be taken in response to an assessment.

If, following assessment, a local housing authority identifies a Category 1 hazard, it has a duty to use the provisions of the 2004 Act. If the hazard is identified as a Category 2 hazard, it has the power to take action and the guidance makes it clear that in this situation, it will be necessary to show how its discretion has been used.

To date, the Council, in its enforcement role, has not conducted a formal assessment of Nova House. Instead, it has worked with the fire and rescue authority and the freeholder to seek to advise on the most appropriate works to respond to the defects identified. The Council's duties as enforcement body remain the same regardless of whether it is the shareholder of the freehold company, as Nova House remains a private sector housing block.

If the Council assessed the building as having a Category 1 hazard and served an improvement notice, this would place responsibility on the building owners and/or leaseholders to take appropriate action. There is a right of appeal against relevant notices, and this can be used by the recipient if they believe they are not the responsible person. Failure to comply with a notice gives the Council the right to do works in default and charge these back to the responsible person.

Fiduciary duty and value for money

The Council owes a fiduciary duty to its taxpayers, as well as a best value duty to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

The fiduciary duty requires that the Council has regard to the interests of its taxpayers and to balance this against the aims of a policy decision. This duty is

particularly relevant at a time when the Council is having to make difficult decisions around revenue and capital spending.

Many of the planned works to cover compartmentalisation works are not covered by the Homes England grant, which solely covered eligible ACM cladding works. It may be difficult for the Council to cover works over and above that which is strictly necessary to remove the imminent danger. It may also be difficult for the Council to justify funding works subject to recovery from the warranty provider. The benefits of these works are likely to increase the value of the leasehold flats, but unlikely to increase the value of the freehold land to any great extent. For this reason, it could be more appropriate for the Council to seek a range of alternative options as part of its strategy going forward.

Management of conflicts of interest

As the Council is the sole shareholder of GRE5, it has appointed directors to the company's board. The chair of the board is no longer an employee of the Council; however the other director is a Council Executive Director. Company directors have a duty to act in the best interests of their shareholders, which in this case is the Council, however in order to avoid a perception of bias, it is recommended that another senior officer takes responsibility for the management of the Council's interests in the project. For this reason, the delegation is to the Chief Executive.

Procurement

GRE5 submitted a procurement strategy to the Council in July 2020 which identified SUR as the preferred lead contractor. This enabled procurement of Morgan Sindall Construction and a cladding subcontractor, both of which were also being used on the nearby Hotel project. Construction projects across the country have been affected by the pandemic and proximity and availability of teams was recognised as a critical factor to manage risk of infection and secure contractors to undertake essential works. This approach was approved by the Council on the 31 July 2020.

GRE5 applied for grant funding from HE for the removal and replacement of the combustible ACM cladding on the basis of a cost plan submitted by Morgan Sindall Construction in January 2020. This application has been subjected to external review by Cushman and Wakefield to verify value for money and fair market rates. This was an essential prerequisite for any funding agreement and HE required an independent market verification.

Counsel's opinion has been sought on historic decision making and the options to progress this project. This opinion is annexed to the report as Appendix 1. It is exempt as it contains legally privileged information, which should not be shared with GRE5 or other third parties. For avoidance of doubt, this does not constitute an options appraisal but reflects legal opinion based upon a review of Cabinet and Council papers.

(d) Equalities Impact Assessment

There are no identified needs for an EIA at this juncture.

(e) Workforce

There are no workforce implications at this juncture.

(f) Property

This is dealt with within the Supporting Information section of this report.

(g) Carbon Emissions and Energy Costs

There are no carbon emissions and energy cost implications at this juncture.

5 **Supporting Information**

Table 1 provides a financial summary and refers to additional work which is required to be undertaken by GRE5 and the Council to inform the next phase of this project.

6 **Comments of Other Committees**

The matter has not been considered by other Committees.

7 **Conclusion**

GRE5 has made significant progress in securing HE grant funding which will reduce the Council's exposure to financial risk. It has also continued to maintain a safe environment for residents' and has made good progress in procuring contractors to undertake remediation works during very difficult market conditions.

However, this should be balanced against the increased costs required to the completion of all works and the potential requirement for the Council to provide an additional loan facility to GRE5 which may not be fully repaid to the Council. Given this critical stage, it is appropriate that the Council reassesses its arrangements with GRE5 and considers its options to fulfil its statutory and regulatory obligations. It should also ensure that it unlocks the HE grant funding by providing a parent company guarantee to enable the essential cladding works to continue.

8 **Appendices Attached**

Appendix 1 – Confidential Legal advice

9 **Background Papers**

None