

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD3093

### Small Sites Small Builders 2022-25

#### Executive summary:

For London to deliver more of the housing it needs, small sites must make a substantially greater contribution to new supply across the city. Doing so can also help to revive the role of small and medium-sized developers in delivering new homes in London. The Kerslake Review recommended that small sites in GLA Group ownership should be consolidated under a single programme to secure additionality and deliver social value. The Small Sites Small Builders programme 2022-25 has been developed by the GLA's Housing and Land, and Regeneration teams to deliver positive outcomes for London against these strategic priorities.

#### Decision:

The Mayor:

- (i) approves expenditure of up to £292,000 in the form of a revenue grant under section 121 of the GLA Act 1999 to TfL in 2022-23, to:
  - complete due diligence on sites that have been identified for disposal on the Small Sites Small Builders (SSSB) portal for small and medium-sized developers
  - support TfL to accelerate, and add value to, its small sites delivery strategy
- (ii) approves expenditure of £583,000 between 2023-24 and 2024-25 to expand on the existing SSSB programme via:
  - provision of up to £285,000 revenue grant funding to the GLA functional bodies (under section 121 of the GLA Act 1999); GLA Land and Property Limited; NHS trusts; and/or the London Estates Delivery Unit, to support SSSB strategy and site releases for disposal through the SSSB portal
  - provision of revenue grant to London boroughs and registered providers that are adopting approaches that will inform best practice in SSSB delivery
  - development of a new SSSB planning and policy toolkit hosted on the GLA website
  - delivery of an SSSB learning and development programme
- (iii) delegates authority to the Executive Director of Housing and Land to approve funding allocations without the need for a further decision form (including with regard to section 121 grants) following a recommendation for approval from the GLA's Small Sites Project Board, within the budget envelope of £583,000, as outlined in (ii) and in line with the objectives set out in this MD.

#### 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:

15/2/23

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

### **Decision required – supporting report**

#### **1. Introduction and background**

1.1. The Small Sites Small Builders (SSSB) programme was developed by the GLA's Housing and Land, and Regeneration teams to address the need for supporting small and medium-sized enterprises (SMEs) whilst helping public landowners bring forward small sites for development. The London Housing Strategy highlighted a decline in the number of SME builders and developers, and stated that some intervention was required to support the market. The two overarching objectives set for the programme are:

- bringing small, publicly owned sites forward for residential-led development
- invigorating new and emerging 'sources of supply' including small developers, small housing associations, and community-led housing (CLH) groups.

1.2. For the purpose of the programme, small sites include: sites suitable for conventional housing under 0.25 hectares, as defined within the London Housing Strategy and the London Plan; and sites that can accommodate fewer than 100 homes.

1.3. Small builders include:

- a broad range of small organisations that deliver housing – including housing associations; private-sector builders and contractors; CLH organisations; and self-builders
- micro businesses (fewer than 10 employees), small businesses (10-49 employees) and SMEs (upto 250 employees), with a particular focus on supporting micro and small businesses
- entities constituted as a corporate body, or equivalent, wishing to pursue a genuinely community-led scheme that demonstrates adherence to three community-led principles as set out in the London Housing Strategy:
  - meaningful community engagement and consent occurs throughout the development process – communities do not necessarily have to initiate the conversation, or build homes themselves
  - there is a presumption that the community group or organisation will take a long-term formal role in the ownership, stewardship or management of the homes
  - the benefits of the scheme to the local area and/or specified community group are clearly defined and legally protected in perpetuity
- small registered providers (RPs) (below 1,000 homes).

1.4. As part of the solution, the GLA provides a platform for marketing small sites through a portal on the GLA website ([www.london.gov.uk/small-sites](http://www.london.gov.uk/small-sites)) and administers a mailing list with over 1,200 subscribers who receive alerts of new sites. In addition to the portal, there have also been two funding streams to the programme: revenue funding to bring sites to the portal, and capital funding to help unlock unviable small sites.

1.5. The SSSB programme was originally funded with £473,000, under MD2133, to pilot the innovative programme by bringing forward around 10 TfL small sites for development by SMEs and CLH groups. The Mayor also delegated to the Executive Director, Housing and Land, authority to

authorise total expenditure of up to a further £14.703m (including £13.215m of funding approved from LEAP's Good Growth Fund) from April 2018 to April 2021, covering the two grant-funding streams: revenue funding to bring sites to the portal, and capital funding to help unlock unviable small sites. The expenditure of this grant funding was subsequently approved under DD2263 (up to £3,872,201 in 2018-19) and DD2355 (up to £11.842m across 2019-20 and 2020-21) by the Executive Director, Housing and Land. The funding for the SSSB programme ended in March 2021.

#### Evolution of the programme

1.6. In September 2020 an independent evaluation of the SSSB programme was completed to assess it against its objectives. This evaluation report set out the business case for why delivering small sites in London is important, and why the GLA should continue to have a strategic role in this endeavour. It made detailed recommendations to:

- improve programme strategy and positioning
- enhance the small builder engagement and support offer
- continue to build the pipeline of small sites
- strengthen the effectiveness of the site delivery process.

1.7. In October 2021, the Mayor commissioned a Review of GLA Group Housing Delivery (the Kerslake Review) to examine housing delivery across the GLA Group. The review was independent of the GLA Group, and was undertaken by Lord Kerslake with support from GLA Housing and Land. In March 2022 the Kerslake Review was published and set out 15 recommendations. Recommendation 12 set out an approach for small sites:

"Small sites in GLA Group ownership that are identified for housing delivery should be consolidated under a single programme. This consolidation should aim to streamline housing delivery, secure additionality, and deliver social value. A City Hall developer should build on the existing SSSB programme. This includes providing additional funding support to deliver small sites, as well as operating a marketing portal to facilitate the disposal of small sites. Any sites marketed through the portal should require policy compliant levels of affordable housing to be achieved. This enhanced SSSB offer would unlock housing delivery on small sites. This would also provide development opportunities to parts of the sector that face unique delivery challenges, such as the supported and specialist accommodation and community-led housing sectors."

1.8. The SSSB programme needs to evolve in response to the recommendations in the evaluation report and the Kerslake Review. The reduced budget for SSSB 2022-25, in comparison to earlier rounds of SSSB funding, necessitates a refreshed approach to securing impacts from the programme. Stakeholder engagement has been carried out to ensure strategic alignment across the GLA and within the small-builder sector. This engagement has informed the design of the programme strands proposed.

#### Budget and programme strands

1.9. To support these recommendations, the Mayor set out in his 2022-23 budget that he has provided £300,000 per annum, for three years, to continue the existing SSSB programme. The total budget over three years (2022-23 to 2024-25) is £900,000. This is made up of £300,000 in the current year's budget (2022-23), and £300,000 per annum in the draft budget plans for the next two years.

- 1.10. Through ADD2621, £25,000 from the current year's budget (2022-23) was approved in advance of this MD for the overall programme to commence procurement of a cloud-based site investigation tool to allow for up to three years' subscription and user licences. Procurement will be via the government's Digital Marketplace 'G-Cloud' framework in accordance with the framework requirements. Use of the tool will be offered free of charge to public landowners in London engaging in the SSSB programme to secure resource efficiencies and enhanced quality control.
- 1.11. The programme strands and indicative budget requirements are set out in the table below. The total budget envelope is fixed at £875,000 for the programme duration of 2022-25. Indicative requirements per programme strand are set out below; however, flexibility to adjust apportionment of the overall budget by strand and by financial year may be required to enable the programme to respond to emerging requirements in order achieve the objectives set out in section 2, below. Grant giving in accordance with the programme strands is to be delegated through this decision form to the Executive Director of Housing and Land to enable the programme to respond to continuous market engagement. This includes grants to functional bodies made under section 121 of the GLA Act. Any grant giving will be recorded in line with Housing and Land operational policy requirements.

Programme strand	Indicative budget per programme strand
GLA Group SSSB strategy and site release revenue funding	£577,000 – of which £292,000 is required for TfL to progress small sites strategy and site releases
SSSB best-practice revenue funding	£120,000
SSSB planning and policy toolkit	£25,500
SSSB learning and development	£100,000
Legal fees and administration contingency	£52,500
<b>Total budget 2022-25</b>	<b>£875,000</b>

## 2. Objectives and expected outcomes

### Programme strand 1: GLA Group SSSB strategy and site release revenue funding

- 2.1. This programme strand will deliver against Kerslake recommendation 12. Revenue grant funding will be provided to GLA functional bodies; GLA Land and Property Limited; NHS trusts; and/or the London Estates Delivery Unit (LEDU) to support due diligence on sites in order to unlock them for disposal through the SSSB portal. By broadening participation in the programme, and providing guidance to these bodies on CLH, supported and specialist housing (SSH) delivery, and social housing, it will also serve the purpose of continuing to build the pipeline of small sites. Grant funding will support the production of written best-practice guidance for small sites development management (this may include direct delivery) that makes explicit the considerations relevant to these bodies.
- 2.2. More detailed outcomes of this programme strand include:
- approximately 25 sites brought to the market by GLA Group members
  - facilitation of SME bids for sites, including for CLH and SSH schemes
  - all sites marketed through the portal should require policy-compliant levels of affordable housing to be achieved

- production of written best practice on aspects of small sites delivery (e.g. a small sites subsection of TTL Properties Limited's MMC101 guide, how to approach the asset protection agreement process)
- production of guidance for small builders on approaching clinical/health provision on small sites
- achieve strong alignment with Kerslake implementation through consolidation of small sites disposal through the SSSB programme, and co-production of specific advice and guidance notes relevant to each member's small sites strategy for dissemination within GLA Group; and, in turn, provide group members with advice notes on SSH development management
- revenue support to identify a new site for Gypsy, Roma and Traveller provision
- explore opportunities for recovering a proportion of GLA expenditure for site disposals supported through the SSSB programme.

#### Programme strand 2: SSSB best-practice revenue funding

- 2.3. This programme strand enables revenue grant to be flexibly deployed to support projects trialling novel approaches that will inform best practice in small sites delivery development management (this may include direct delivery). It is expected that this funding will be primarily disbursed to London boroughs or RPs, and used as match funding to accelerate and add value to ongoing SSSB projects supported by a clear theory of change. Learning from these will be captured as case studies and disseminated through the small sites portal. Success will be judged in terms of the added value in unlocking difficult sites, but also in terms of the extent to which it encourages new approaches, or unlocks wider social and community value.
- 2.4. Examples of project types that could be awarded funding include:
- inter-borough collaboration on provision of Gypsy, Roma and Traveller sites
  - recharging mechanisms to provide sustainability to borough-led small sites programmes
  - exploring new approaches to de-risking planning for small builders, e.g. outline applications for appropriating rights of way
  - adopting developer-led approaches to widening participation in CLH schemes
  - projects similar to London & Quadrant's (L&Q's) Build London Partnership programme
  - small sites that are net zero-carbon/low embodied carbon.
- 2.5. More detailed outcomes of this programme strand include:
- understanding and addressing barriers to incentivise participation and share this learning
  - encouraging landowners to prioritise delivery of innovative approaches
  - developing a clearer support pathway and associated resources, which may become a precursor to a fee-based special assistance offer.

#### Programme strand 3: SSSB planning and policy toolkit

- 2.6. Public landowners often have limited resource to identify, assess and progress the development of their smaller sites; and small builders may not have full knowledge of relevant policy landscape



to strengthen their bids. An expanded suite of tools will be available to support small sites and small builders with a clear support pathway. Taking the form of a redeveloped small sites 'portal' within the redesigned GLA website, an expanded toolkit may include the following:

- Tools:
  - updated marketing portal for small sites, which may also include sites not in public ownership but achieving GLA due diligence requirements prior to site release
  - S106 acquisition opportunities marketed through a section of the portal to provide efficiencies related to matching of S106 acquisition opportunities to interested smaller RPs, CLH groups and SSH providers; provision of associated guidance on the business case for S106 acquisitions and RPs' S106 requirements in terms of quality of homes, ease of management (including tenure mix) and affordability (including via adoption of the Service Charges Charter)
  - provision of technological efficiencies in development management, such as use of a GLA-procured cloud-based site investigation tool for public landowners
  - a bid evaluation approach to be developed with landowners and backed by a legal advice note to support adoption
  - a members' area of the website to trial a fee-based service.
- Guidance:
  - best-practice case studies to enhance the strategic footprint and influence of the programme (i.e. drawing in landowners and builders who may not need/want to use the portal directly)
  - updated research on housing provision by SME builders and developers in London
  - small builder/public landowner-facing guidance on CLH and SSH development management considerations; these will be procured from sector partners and could be a precursor to a fee-based special assistance offer
  - Small Site Design Codes LPG
  - link to GLA's Workforce Data Equality Guide: Guidance for SMEs
  - link to GLA's Architecture + Urbanism Framework small sites housing lot
  - link to GLA's Process Note 01 on maximising social value and equality, diversity and inclusion through the procurement of design teams
  - details of SSSB learning and development programme.

## 2.7. More detailed outcomes of this programme strand include:

- providing, in the SSSB planning and policy toolkit, delivery tools that encourage adoption of best practice with regards to policy requirements from planning, housing and good growth
- securing resource efficiencies and quality control in the typical due diligence processes required to unlock the sites

- making it more efficient for developers, RPs and boroughs to exchange information on S106 units that are available and thereby to continue building the pipeline of small sites
- promoting an approach to bid evaluation that places greater focus on social, equality, diversity and inclusion, and environmental outcomes (i.e. alongside financial ones)
- by investing in the portal and quality of assurance of content, improving the business case for potential future monetisation.

#### Programme strand 4: SSSB learning and development

2.8. This programme strand will draw from the best practice and toolkit strands to provide a targeted learning and development programme to public-sector landlords and small builders. In doing so, it will develop the support pathways to encourage participation and support successful outcomes. In the programme's previous guises, the SSSB support offer was less well developed; a more proactive approach would unlock greater potential and improved outcomes. The importance of clear support pathways for business and enterprise is particularly important in the highly uncertain economic context.

2.9. More detailed outcomes of this programme strand include:

- funding of an expert SME support function on the basis of fixed-term or consultant secondment for one year in order to:
  - capacity-build the sector to be finance-ready, with specific consideration given to access to finance for business led by Black, Asian and Minority Ethnic people; women; and disabled people, as particularly relevant groups identified in the Mayor's Equality, Diversity and Inclusion Strategy
  - ensure any finance offer developed is properly embedded within the GLA
  - scope the case and opportunity for a London-wide Small Builders 'panel' to support public-sector landowners in their local procurement activities; this could include sub-panels for different specialisms, and would again help to increase the strategic footprint of the programme by encouraging use of London's small builders beyond direct parameters of the programme itself
  - work with the boroughs and subregional partnerships to access/engage new small-builder markets – this could include a programme of roadshows, workshops or 'meet the buyer' events across the city
  - consider the case to establish a revolving cohort of London-based small-builder 'champions': these would be businesses that have worked successfully with public landowners and can help to promote opportunities via their peer groups and networks
- learning and development sessions covering all elements of the planning and policy toolkit and best-practice strands.

### **3. Equality comments**

3.1. The Mayor is required to comply with the Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010. Section 149(1) of the Equality Act 2010 provides that, in the exercise of their functions, public authorities including the GLA 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. The protected characteristics are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.
- 3.3. Due regard must be had at the time a decision is being considered. The duty is non-delegable and must be exercised with an open mind.
- 3.4. The programme will promote equality, and work to deliver new diverse and inclusive opportunities. It is not anticipated that the programme will have a negative impact on any groups identified under the Equality Act 2010, as it has been developed in line with strategic objectives outlined in the Mayor's Equality, Diversity and Inclusion Strategy. This approach has enabled the PSED considerations to be mainstreamed in the design of the programme, as set out in section 3.5, below.
- 3.5. Of the strategic objectives outlined in the Mayor's Equality, Diversity and Inclusion Strategy, SSSB 2022-25 intends to deliver outcomes directly related to strategic objectives and thereby create positive impact on the particularly relevant groups identified in the Mayor's Equality, Diversity and Inclusion Strategy. These objectives are as follows:
- A great place to live: strategic objectives 1, 4, 9 and 10 are supported through this programme by:
    - making a positive contribution to increasing the supply of genuinely affordable homes and thereby helping to tackle the inequalities experienced by certain groups of Londoners most affected by the city's shortage of affordable homes
    - including objectives and example projects that deliver on the requirement to supply homes to meet diverse housing needs; and involving the community effectively in that delivery to create a positive impact in equalities terms, and to advance equality of opportunity for those with protected characteristics who are currently disadvantaged by the housing situation in London
    - promoting standards and training to boroughs and businesses around maximising social value and equality, diversity and inclusion.
  - A great place to work and do business: strategic objective 22 is supported through this programme by provision of opportunities for small builders to build capacity to be finance-ready, with specific consideration given to barriers to accessing finance for business led by Black, Asian and Minority Ethnic people; women; and disabled people, as the particularly relevant groups identified.
- 3.6. Public-sector landowners will be the primary recipients of funding under this programme, and are also required to comply with the PSED. This will be stipulated in any grant agreements and memorandums of understanding between the GLA and project partners.

- 3.7. Organisations involved in the purchase of sites will be encouraged, through messaging on the portal and template documentation used for SSSB sales, to formalise their equality policies. Mayoral guidance on how to collect, analyse and act on equalities data will be shared through this programme to the small-builders sector. This will support the evidence-based interventions needed in those organisations to secure the significant benefits of a diverse workforce.
- 3.8. Arrangements with any organisations that receive grant funding or are commissioned to provide services will include checks and use of contractual clauses to ensure that:
- they comply with any discrimination laws and other requirements that the GLA would reasonably require
  - all staff engaged in the performance of any services or activities associated with the funding observe equality and diversity clauses within the contract
  - such organisations notify the GLA immediately of any legal proceedings issued against them by any supplier staff on the grounds of discrimination.
- 3.9. Management information collected for programme beneficiaries will be designed to enable an evaluation of the success in addressing barriers identified for relevant groups within the Mayor's Equality, Diversity and Inclusion Strategy.
- 3.10. The proposed programme activity timetable includes a requirement to update the analysis of programme impacts against the Mayor's Equality, Diversity and Inclusion Strategy at the midpoint of the programme. This enables any emerging evidence to be assessed to enable the project to be changed where necessary to take steps to mitigate negative impacts, or to bolster positive ones.

#### **4. Other considerations**

##### Risks and issues

- 4.1. For London to deliver more of the housing it needs, small sites must make a substantially greater contribution to new supply across the city. While developing large sites remains important to meeting London's housing need, we will also need to look to other opportunities to support more homebuilding. The opportunity for more development on small sites is of particular relevance to London. Small sites' contribution to housing supply has, however, fallen.
- 4.2. We need to develop more small sites for housing, and these sites are likely to be less attractive to larger construction firms, which tend to focus on larger schemes. Homebuilding in London has become increasingly dominated by large construction businesses; the smaller builders specialising in small sites report a number of obstacles, notably the availability and cost of land, and the complexity, cost and sluggishness of the planning system.
- 4.3. As at the Autumn Budget 2022, the Office for Budget Responsibility has sharply revised down its GDP growth forecast from its expectations in March, projecting a five-quarter recession. The government is also reducing the overall innovation/R&D tax reliefs available to SMEs, including those offering cash repayments that are considered a vital source of financing to start-ups. SME builders are considered more likely to keep building homes in downturns than larger-volume developers. The forthcoming economic climate makes support for SMEs at this point in the economic cycle crucial if we want them to play a role during the downturn, and in particular during the recovery.

4.4. Key risks for this project are set out in the table below:

Risk	Strategy for minimising/dealing with the risk	Residual RAG rating
Strategic/political priority shift means the Small Sites programme is seen as niche and too difficult to deliver. Focus changes to quantity projects that deliver more for less investment/resource, or council-led delivery, mean that disposals to small builders are aborted.	Continue to support Small Sites as a policy priority through a request to area teams to keep it on the agenda with boroughs, and interface with Housing and Land, and Planning policy teams. Work with the GLA Group to release a significant number of sites into the programme. Close alignment of strategic priorities will help prevent abortive sites being released.	Green
The small-builder sector is particularly vulnerable to macro-economic forces. If forecasts of a new downturn are correct, SMEs are likely to struggle once again; and supporting SMEs at this point in the cycle is crucial to safeguarding their role during the downturn and recovery.	Carry out stakeholder mapping and research to inform support programme delivered through the SSSB 2022-25 programme.	Amber
Reduced grant funding reduces incentive for new sources of supply. The programme loses traction and does not fulfil its objectives.	Seek to incorporate increased programme efficiencies to speed-up due diligence on sites being released to portal and communicate benefit of resource efficiency. Incorporate new sources of supply through new public landowner partnerships that may not require grant funding (e.g. S106 acquisitions).	Amber
Not enough fit-for-purpose sites coming through the portal, reducing engagement and resulting in low levels of demand for sites coming through the platform. The programme loses traction and does not fulfil its objectives.	This risk will be mitigated by ongoing proactive engagement with the small-builders sector to understand needs. This will include key umbrella organisations such as BME London Landlords, G320 and CLH London Hub, to ensure cross-marketing of opportunities is taken advantage of. The new portal widens the interest in the programme, thereby increasing engagement from a broader sector representation.	Green
The majority of housing starts funded through this programme will be realised after the lifetime of the programme, due to the lengthy process from site disposal through to delivery. This results in a lack of evidence available to	The programme aims to formulate a refreshed approach to evidence-gathering that can enable both short-term and longer-term housing outcomes to be evidenced and communicated.	Amber

communicate the value of the programme, jeopardising support and reducing the likelihood of finding an appropriate legacy vehicle.		
Following due diligence, some sites cannot be put to the market for disposal, as they are found to be undeliverable. The GLA consequently incurs abortive costs and has a reduced ability to deliver outcomes.	<p>Some degree of attrition of sites is expected. Where possible, any grant funding awarded should include a target figure for site disposals, to allow for sites to be replaced when found undevelopable, without recourse to further funding.</p> <p>Shared learning gathered around common issues that render sites undeliverable will enable more informed pre-screening of sites to occur.</p>	Green
Sites are poorly developed or not built out at all. Risks associated with individual sites will be identified through detailed site surveys and due diligence as part of the programme. This helps to clarify the risks, although the ultimate development risk will be with the small builders who purchase the sites. The programme involves a proportionate approach to these risks, and the intention is to dispose of sites to organisations that intend to build good schemes. The public landowner and the GLA may be put at reputational risk.	<p>Grant-funding agreements to include a requirement to create and implement an appropriate Design Management Protocol for the Small Sites Programme, to ensure decisions are made to enable successful schemes to be brought forward. There will also be a requirement to encourage high-quality developments being brought forward on their sites by balancing commercial offers with other indicators such as social value; environmental principles; high-quality housing design; and innovative construction methods.</p> <p>There will be a link to quality standards via the Small Sites planning and policy toolkit.</p>	Green
Delivery failure of external commissioned suppliers means quality expectations are not met, and presumed outcomes are not delivered.	This risk will be mitigated through trial periods; short-term initial contract commitments; and retention of an associated risk mitigation budget for each externally commissioned service.	Green

#### Links to Mayoral strategies and priorities

4.5. The SSSB 2022-25 programme links to a wide range of Mayoral strategies and priorities in housing, regeneration and planning, including:

- London Plan 2021 policies supporting well-designed new homes on small sites to meet London's housing needs and supporting SME housebuilders (see Policy H2 Small sites)

- London Housing Strategy 2018 policies supporting the diversification of the homebuilding industry, and establishing a presumption in favour of appropriate residential development on small sites; work to promote and enable CLH; and regeneration for all Londoners (see Policy 3.3 B)
- the Affordable Homes Programme 2021-26 funding guidance, which makes reference to actively engaging with local businesses and SMEs in delivering new homes, as well as working with smaller housing associations, in the delivery of affordable homes for Londoners.

#### Consultations and impact assessments

- 4.6. For the purposes of this Mayoral Decision, and in order to meet the requirement in section 32 of the GLA Act, consultation has been carried out with GLA functional bodies; LEDU; London borough councils; and bodies that represent the interests of persons carrying on business in Greater London, including the Community-Led Housing London Hub, G320 (which represents the small RPs sector) and L&Q (which is collaborating with the GLA on the Build London Partnership project). Further consultation is also planned with London Councils and BME London Landlords.

#### Conflicts of interest

- 4.7. There are no conflicts of interest to declare from any of the officers involved in the drafting or clearance of this decision.

### **5. Financial comments**

- 5.1. Mayoral approval is sought for allocation of £292,000 revenue grant funding to TfL to complete due diligence on sites that have been identified for disposal on the SSSB portal for SME developers; and to support TfL to accelerate, and add value to, their Small Sites delivery strategy. This is proposed to be spent via a single grant payment to TfL in quarter four of 2022-23; and therefore, to be funded from the Small Sites 2022-23 budget, part of Housing and Land's Strategic Projects and Property Unit.
- 5.2. Further approval is being sought for expenditure of £583,000 in 2023-24 and 2024-25, to expand on the existing SSSB programme – as detailed in paragraph 1.11, above.
- 5.3. The SSSB spend detailed in the MD is planned to be funded from Housing and Land's Strategic Projects and Property Unit's planned Small Sites budget 2023-24 and 2024-25. This budget, for two financial years, is included in the current draft 2023-24 budget; however, it is subject to approval via the annual budget-setting process. To mitigate any risk of contracts and grants not being sufficiently resourced through budgets in future years, all such agreements should include the usual break clauses that could potentially be exercised if required.

### **6. Legal comments**

- 6.1. Section 121 (1) of the Greater London Authority Act 1999 (the GLA Act) provides that the GLA may pay a grant towards meeting revenue expenditure that is incurred, or is to be incurred, by a functional body, such as TfL, for the purposes of, or in connection with, the discharge of the grant recipients' functions.
- 6.2. Section 121 (3) of the GLA Act provides that the grant must not be made subject to any limitations in relation to the expenditure.

- 6.3. Section 121 (4) of the GLA Act provides that the grant recipient body may only use the grant to meet its revenue expenditure incurred or to be incurred by that body for the purposes of, or in connection with, the discharge of the grant recipient's functions.
- 6.4. The foregoing sections of this report indicate that the decision requested of the Mayor to approve the provision of revenue grant funding to Tfl – and also to the other GLA functional bodies – falls within this statutory power.
- 6.5. If the Mayor is minded to approve the recommendations in respect of revenue grant to the GLA's functional bodies, officers must ensure that the GLA enters into suitable arrangements with the relevant functional body to document the availability of the grant funding as a contribution towards that functional body's revenue costs in the related discharge of its functions.
- 6.6. In respect of the other decisions requested of the Mayor (including the provision of grant to entities that are not functional bodies of the GLA), section 30 of the GLA Act gives the Mayor a general power to do anything that he considers will further one or more of the principal purposes of the GLA. The principal purposes, as set out in section 30(2) of the GLA Act are:
- promoting economic development and wealth creation in Greater London
  - promoting social development in Greater London
  - promoting the improvement of the environment in Greater London.
- 6.7. Given section 34 of the GLA Act – which allows the Mayor to do anything that is calculated to facilitate, or is conducive or incidental to, the exercise of any of his functions (including his functions under section 30) – and the Mayor's powers under section 38 of the GLA Act to delegate to any GLA member of staff functions of the GLA that are exercisable by him, the foregoing sections of this report indicate that the Mayor has the power to agree to the decisions set out above.
- 6.8. In determining whether or how to exercise the power conferred by section 30(1) of the GLA Act, the Mayor must:
- have regard to the effect that his decision will have on 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 its consequences (sections 30(3-5)) of the GLA Act)
  - pay due regard to the principle that there should be equality of opportunity for all people (section 33 of the GLA Act).
- 6.9. In taking the decisions requested, the Mayor must also have due regard to the PSED – namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010; and to advance equality of opportunity, and foster good relations, between persons who share a relevant protected characteristic (race, disability, sex, age, sexual orientation, religion or belief, pregnancy and maternity, and gender reassignment) and persons who do not (section 149 of the Equality Act 2010).
- 6.10. In respect of paragraphs 6.8 and 6.9, the Mayor should have regard to section 3, above.
- 6.11. In addition to the above, where the Mayor is proposing to use the power conferred in section 30(1) of the GLA Act, the Mayor must consider consulting in accordance with section 32 of the GLA Act (see paragraph 4.6, above).



- 6.12. In order to mitigate any risks that proposed funding might be considered unlawful subsidy, officers should work with TfL Legal to consider the structure and detail of proposed funding arrangements.
- 6.13. The award of GLA funding under this programme is not a payment for services, and is not therefore subject to the requirements of the Public Contracts Regulations 2015. This notwithstanding, the GLA is still subject to the overarching duties of fairness and transparency. Officers must ensure that the funding is distributed fairly, transparently, in accordance with the GLA's equalities duties, and in a manner that affords value for money in accordance with the GLA's Contracts and Funding Code.

## **7. Planned delivery approach and next steps**

- 7.1. There is an opportunity for the programme to deliver change beyond its direct footprint. The programme has potential to deliver significant strategic added value in supporting innovation and growth (both built environment and enterprise vitality). To do so, the overall approach is to better align with wider strategic narratives by amplifying existing delivery capacity through the provision of grant and support tools. In turn, this will help to support the longer-term case for the programme.
- 7.2. Legacy considerations have been woven through each proposed programme strand, with the intention that solutions for ongoing administration of the programme are trialled by April 2025 when the funding will come to an end. These will be trialled in two phases:
- Phase 1 – mainstreaming: repositioning the value of the programme to amplify delivery capacity; and provide support tools and problem-solving for other GLA policy areas, with strong alignment with the overarching SSSB programme objectives.
  - Phase 2 – business case: setting out the business case for ongoing administration, including separation of components of the programme for ongoing management by other policy areas; and charging service fees or subscription fees to the portal.
- 7.3. Information about the revenue grant-funding opportunities – setting out assessment criteria in terms of strategic fit, value for money and deliverability – will be published on the SSSB website and bids will be called for on a continuous market-engagement basis.
- 7.4. The programme will be jointly managed by the GLA's Housing and Land, and Regeneration teams with governance effected through a meeting of the SSSB Project Board every two months.
- 7.5. Adopting operational norms – including GLA's OPS system, KPIs, contract monitoring and operational policies – will ensure robust programme management is in place and support any future knowledge-transfer requirements between GLA teams.
- 7.6. Measures of success are:
- the number of best-practice initiatives supported with case studies produced to share learning
  - the number of small builders engaged with the programme
  - the number of homes delivered
  - the number of sites delivered to market

- the number of other GLA funding programmes with alignment to SSSB core objectives supported through bolt-on funding and associated deliverables also attributed to the SSSB programme.

7.7. The table below provides an outline of proposed programme activities:

Activity	Timeline
GLA Group SSSB strategy and site release revenue funding: MoU with TfL	March 2023
GLA Group SSSB strategy and site release revenue funding: MoU with other GLA group members	June 2023
SSSB planning and policy toolkit: portal redevelopment	September 2023
SSSB best-practice revenue funding: project delivery starts	September 2023
Update the analysis of programme impacts against the Mayor's Equality, Diversity and Inclusion Strategy and refine following years' delivery as required	April 2024
SSSB learning and development: launch of programme	September 2024
Final evaluation start (self/external to be confirmed)	January 2025
Project closure/transfer to SSSB legacy vehicle	April 2025

**Appendices and supporting papers:**

None



**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 can 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? **NO**

**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 – **NO**

**ORIGINATING OFFICER DECLARATION:**

Drafting officer to  
confirm the  
following (✓)

**Drafting officer:**

Jessica Tsang has drafted this report in accordance with GLA procedures and confirms the following:

✓

**Sponsoring Director:**

Tim Steer 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 13 February 2023.

✓

**EXECUTIVE DIRECTOR, RESOURCES:**

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

**Signature:**

**Date:**

*D. Gane*

15/02/2023

**CHIEF OF STAFF:**

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

**Signature:**

D. Jellany

**Date:**

13/02/2023

