

REQUEST FOR DIRECTOR DECISION – DD2704

Title: The impact of affordable housing on London's economic productivity

Executive summary:

This DD is supplementary to DD2682: The Impact of Affordable Housing on London's Economic Productivity. Following a successful procurement, we have appointed NERA Economic Consulting to conduct the research into housing and its relationship with productivity (see DD2682 for further details). During the course of this procurement, three additional funding partners have been secured.

This DD is to permit funding of the final contract as follows and requests approval of additional expenditure to that previously approved, taking the total up to £75,866.40 to undertake an empirical modelling of affordable housing's effect on economic productivity in the London context.

Note that London Councils and G15 are funding partners of the GLA; of the £75,866.40 total, G15 will reimburse the GLA £15,000 and London Councils will reimburse £20,000 + VAT (or £24,000). Therefore, the GLA's share of the total cost will be £36,866.40

Decision:

That the Interim Executive Director of Strategy and Communications approves additional expenditure of £15,867 to the £60,000 previously approved, taking the total to £75,867 to procure a report on the impacts of affordable housing on economic productivity.

AUTHORISING DIRECTOR

I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.

It has my approval.

Name: Luke Bruce

Position: Interim Executive Director,
Strategy and Communications

Signature:



Date:

14/06/2024

PART I – NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1. Making housing in London more affordable is a key Mayoral commitment. More recently, the London Partnership Board stressed the need for further research on housing affordability's economic and social impacts, looking in particular at numerically estimating the percentage growth in productivity that affordability measures (e.g., investment in social housing or shared ownership arrangements) would contribute.
- 1.2. London Councils and GLA Economics are leading this collaborative effort to enhance the existing database. In October 2023, London Councils presented a paper jointly authored with GLAE that included a framework on how affordability pressures impact productivity.
- 1.3. To date, there has been no analysis that empirically measures the extent to which investment in housing affordability (e.g., investment in social housing) would boost the city's economic productivity and growth. This is the basis on which the procurement highlighted in DD2682 was made (see Appendix A for details).
- 1.4. This decision requests approval for up to £75,866.40 for the commission of empirical modelling of affordable housing's effect on economic productivity in London. The work is expected to start in June and conclude by August 2024. This amount is £15,866 higher than the £60,000 originally approved in DD2682 because NERA are now committing additional resources to ensure that the results are robust, while also committing to providing the GLA with a report that highlights the results and explains in detail the methodology and the analysis underlying them.

2. Objectives and expected outcomes

- 2.1. The key objective of this work is to arrive at a London-specific measure of the extent to which making housing more affordable boosts productivity and growth.
- 2.2. A second objective of the work is to model the difference in impacts that alternative housing affordability arrangements (e.g., social housing vs. shared ownership) would have on productivity. This would permit us to compare which strategy is more cost-effective in promoting London's productivity and growth.

3. Equality comments

- 3.1. Please refer to DD2682 (appendix A) for further details.

4. Other considerations

- 4.1. Please refer to DD2682 (appendix A) for further details.

5. Financial comments

- 5.1. The total procurement amount of £75,866.40 will be partly funded by the GLA's City Intelligence Unit in the Strategy and Communications Directorate (£36,866.40), as well as a contribution from London Councils (£24,000) and the G15 (£15,000). Therefore, it is expected that the GLA contribution is likely to be 48.5% of the total cost, and therefore a maximum of £36,866.40.

- 5.2. There is sufficient budget within the GLA's City Intelligence Unit in this financial year to cover this cost.

6. Legal comments

- 6.1. The foregoing sections of this report indicate that the decisions requested of the Executive Director of Strategy and Communications concern the exercise of the GLA's general powers, falling within the GLA's statutory powers to do such things considered to further – or that are facilitative of, or conducive or incidental to – the promotion of economic development and wealth creation, social development or improvement of the environment, in Greater London.
- 6.2. In implementing the proposals in respect of which a decision is sought, officers should comply with the GLA's related statutory duties to:
- pay due regard to the principle that there should be equality of opportunity for all people
 - consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom
 - consult with appropriate bodies.
- 6.3. In taking the decisions requested, as noted in section 3 above, the Executive Director of Strategy and Communications must have due regard to the Public Sector Equality Duty under section 149 of the Equality Act 2010, namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010; to advance equality of opportunity between persons who share a relevant protected characteristic (race, disability, age, sex, sexual orientation, religion or belief, pregnancy and maternity, and gender reassignment) and persons who do not share it; and to foster good relations between persons who share a relevant protected characteristic and persons who do not share it. To this end, the Executive Director of Strategy and Communications should have particular regard to section 3 (above) of this report.
- 6.4. Section 1 of this report indicates that part of the sought budget will amount to the provision of services. The services required should be procured in accordance with the Code. Officers must ensure that an appropriate contract documentation is put in place and executed by the GLA (with the assistance of TfL Legal) before the commencement of services.
- 6.5. The procurement to commission consultancy services is valued at £60,000, whereby the GLA's payment for services will be covered by the overall expenditure requested under this DD. Section 9 of the GLA's Contracts and Funding Code requires that the Authority undertake a formal tender process or make a call off from an accessible framework for procurements with a value between £10,000 and £150,000.

7. Planned delivery approach and next steps

Activity	Timeline
Procurement of contract	May 2024
Delivery start date	June 2024
Delivery end date	mid-August 2024

Appendices and supporting papers:

[Appendix A - DD2682](#)

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 be published either 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:

Adam Yousef has drafted this report in accordance with GLA procedures and confirms the following:

✓

Assistant Director/Head of Service:

Jeremy Skinner has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

Financial and Legal advice:

The Finance and Legal teams have commented on this proposal, and this decision reflects their comments.

✓

Corporate Investment Board

A summary of this decision was reviewed by the Corporate Investment Board on 10 June 2024.

✓

INTERIM CHIEF FINANCE OFFICER:

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

Signature:



Date:

10/06/2024