

# GREATER LONDON AUTHORITY

## REQUEST FOR ASSISTANT DIRECTOR DECISION – ADD349

**Title: Consultants to support the GLA's work of the extended Right to Buy and high value council house sales.**

### Executive Summary:

The Government is working on plans to extend Right to Buy to housing association tenants, paid for by the sale of high value council homes. Working with the housing sector, GLA officers are considering the implications of this significant policy change in London. This decision authorises expenditure to commission specialist consultants to support this work.

### Decision:

The Assistant Director approves expenditure of up to £30,000 to procure and commission consultants through a competitive process to support the GLA's work to consider the implications of, and respond to, the Government's proposals to extend Right to Buy in London.

### AUTHORISING ASSISTANT DIRECTOR/HEAD OF UNIT:

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:** Jamie Ratcliff

**Position:** Assistant Director, Programme, Policy and Services

**Signature:**



**Date:** 22/9/15

## **PART I - NON-CONFIDENTIAL FACTS AND ADVICE**

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

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

- 1.1 The GLA wishes to commission consultants to support ongoing work to assess the implications of government housing policy in two key areas: the extension of Right to Buy to housing association tenants, and the forced sale by stock-owning local authorities of high value council homes. Both policies will have significant impacts in London, and the GLA is working with government, boroughs and housing associations to properly understand this.
- 1.2 Specialist consultancy support is required to undertake independent and detailed modelling of these impacts and to test various scenarios for how the policies could play out in London. This work will need to take into account wider changes in housing policy, including changes to the social housing rent-setting regime, and it will need to consider how the Mayor's housing investment programmes will be affected.

#### **2. Objectives and expected outcomes**

- 2.1 The objectives and expected outcomes of this decision are outlined in section 1 and, in more detail, in the consultants' brief (appendix 1). The main output will consist of a detailed report of the consultants' work, currently scheduled to be completed at the end of August 2015.

#### **3. Equality comments**

- 3.1 The aim of the work is to enhance the GLA's understanding of important changes to national housing policy and how these will affect housing outcomes in London. The Integrated Impact Assessment of the London Housing Strategy states that delivering new housing, including affordable housing, is likely to have broadly positive benefits in relation to social and economic sustainability objectives such as improving health, reducing inequalities, increasing accessibility, and economic development.

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

##### *a) Key risks*

- 4.1 The key risk associated with this piece of work is the very short timescales involved. The consultants will be required to dedicate considerable resources to the project with very short notice. This has been clearly highlighted in the consultants' brief and will be taken into account during assessment of submissions.

##### *b) Links to Mayoral strategies and priorities*

- 4.2 The statutory London Housing Strategy contains a wide range of ambitious objectives and priorities. These include an ambition to more than double housing supply in the capital, to deliver 42,000 affordable homes between 2015 and 2018, and to address a range of housing needs including homelessness and overcrowding. Government's proposals will have an impact on the achievement of these priorities and therefore it is incumbent on the GLA to assess these impacts and to develop strategies to mitigate them.

*c) impact assessments and consultations*

- 4.3 The statutory London Housing Strategy was subject to two rounds of consultation and a full and independent Integrated Impact Assessment was undertaken.

**5. Financial comments**

- 5.1 This expenditure will be funded from Housing & Land's consultancy budget, which is overcommitted. Further budget is to be allocated via Mayoral Decision to fund the additional expenditure.

**6. Planned delivery approach and next steps**

<b>Activity</b>	<b>Timeline</b>
Distribution of brief to consultants	Late July
Appointment of consultants	Late July/early August
Delivery start date	Early August
Completion of report	Late August

**Appendices and supporting papers:**

Appendix 1 – Consultants' brief

**Public access to information**

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) 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 approval or on the defer date.

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

Two reasons:

- the decision form contains sensitive information that could influence the procurement process – in particular details of the GLA's maximum budget for this work
- the subject matter is highly sensitive and subject to government formally announcing its intentions for these two policies. Early publication could therefore undermine the GLA's ongoing work with government.

Until what date: (a date is required if deferring): 30<sup>th</sup> September 2015

**Part 2 Confidentiality:** Only the facts or advice considered to be exempt from disclosure under the FOI Act should be 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:**

James Clark has drafted this report in accordance with GLA procedures and confirms that the Finance and Legal teams have commented on this proposal as required, and this decision reflects their comments.

✓

**HEAD OF GOVERNANCE AND RESILIENCE:**

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

**Signature:**



**Date:**

22.09.15

## Appendix 1

### **Consultancy support brief: Extending the Right to Buy and high value council house sales in London**

Government is working on plans to extend the Right to Buy (RtB) to housing association tenants, paid for by the sale of high value council homes (HVCHs). Working with London Councils and the boroughs, GLA officers are considering the implications of this significant policy change in London

We now require specialist consultancy support to undertake the following three tasks:

1. assess the impacts of the current policy on housing supply (including affordable housing supply), London's social mix, and the ability of local authorities and other housing providers to address housing need
2. undertake similar assessments for two alternative options, focusing on the extent to which their adoption would mitigate some of the impacts of the current policy
3. under all three options, assess the extent to which various proposals for managing implementation of RtB and HVCH sales in London would help to improve outcomes of the policy.

We will share our current thinking, assumptions and data with the appointed consultants. The consultants will need to undertake modelling to test our assumptions and assess impacts on various housing outcomes under a range of different scenarios and options. The consultants will also be expected to suggest changes and variations to our two alternative options that would help to achieve the aims, outlined below.

- a) Ensure all receipts raised by housing association Right to Buy and High Value Council Home sales are retained and reinvested to meet London's housing needs.
- b) Ensure London's share of the 1.3m HA tenants are extended the same opportunity to buy as local authority tenants.
- c) Facilitate the release of high value homes by stock-owning Local Authorities to support additional supply.
- d) Fund the cost of RtB discounts in full in cash terms at the point of sale.
- e) Replace every sold council home with at least one equivalent affordable rented home, with nomination rights shared between the boroughs in line with what they have sold.
- f) Replace every HA home sold with at least one affordable home and deliver an equivalent income stream to the HA (flexibility on tenure)
- g) Ensure that e & f above can work independently of a reset/recast affordable housing programme which will deliver additional affordable housing completions, with a greater focus on affordable home ownership.
- h) Minimise negative impact on viability of borough Housing Revenue Accounts and assess any need for additional borrowing/funding flexibilities for boroughs.
- i) Enable boroughs, who have capacity to deliver, to replace the homes themselves

The contractor will need to have an understanding of

- the policy context that underpins this work, including up-to-date knowledge of government policy concerning the affordable housing sector;
- the regulatory and financial context within which housing associations and local authorities operate and develop new homes, including detailed knowledge of the Housing Revenue Account self-financing settlement and the existing Right to Buy for council homes;
- drivers and constraints of housing supply in the capital;
- affordable housing delivery vehicles;
- government, GLA and local government finance;
- the planning system as it relates to mixed and balanced communities and the delivery of new affordable homes; and,
- housing need in London and the role (statutory or otherwise) of local authorities and housing associations in alleviating it.

We are currently in a period of significant change in relation to Government housing policy. This work is focused on the extension of RtB and the sale of HVCHs and whilst the impacts of these will be related to other policies, and in particular the welfare reform and social rent-setting policies in the latest Budget, we are not seeking a detailed assessment of the cumulative impact of all of the changes. However, the consultants will need to understand these new constraints faced by the GLA and housing providers and how these might relate to RtB and HVCH sales. .

The output will be a report consisting of an executive summary and a detailed write-up of the tasks outlined above. This will need to be completed by the end of August. The GLA expects any accompanying modelling work to be made available along with the report. We will require an initial summary in mid-August with regular updates before then.

This work has been requested by a task-and-finish group consisting of officers from the GLA, London Councils and London boroughs. The consultants will be expected to work collaboratively with a smaller project group that has been tasked with developing options in detail. The GLA project manager will manage the consultants on a day-to-day basis. Due to the fast-moving and complex nature of this commission, the consultants will need to be extremely flexible in their approach and willing to make changes to their work programme

If your organisation is interested in this commission then email [james.clark@london.gov.uk](mailto:james.clark@london.gov.uk) by 5pm on 23<sup>rd</sup> July 2015 with a short (no more than 4 pages) outline of your proposal, including the following:

- a statement, with evidence, detailing your understanding and prior experience of the issues and themes relevant to this commission
- the names, experience and grades of the consultants who will work on the project, their individual responsibilities, their daily rate and a single named lead contact
- a statement confirming that you are able to rapidly dedicate significant resources to this project.

Due to the fluid nature of this commission we are seeking to commission on a daily rate basis. If appointed, the consultants would be required to rapidly develop a project plan and provide the GLA with an indication of the likely costs.

As soon as possible following the deadline, the GLA will evaluate all written responses. The evaluation will be based on the entire submission. Specific attention, in no particular order, will be paid to the following:

- your knowledge and understanding of the project area
- demonstrable experience and track record of carrying out similar project(s)

- identification of suitably qualified and experienced personnel who will be responsible for the delivery of the project
- ability to deliver within the timetable
- value for money (competitive but realistic price for the task to be undertaken).

**Contact**

Enquiries about any aspect of this project should be addressed to

James Clark (Housing Policy Manager)

Post Point 20

Housing and Land Directorate

Greater London Authority

City Hall

The Queen's Walk

Southwark SE1 2AA.

E-mail [james.clark@london.gov.uk](mailto:james.clark@london.gov.uk).

Telephone 020 7983 4966.

