

# GREATER LONDON AUTHORITY

## REQUEST FOR ASSISTANT DIRECTOR DECISION – ADD2072

### Title: London Legacy Development Corporation tenancy deposit and other loans to staff

#### Executive Summary:

In January 2017 the Mayor made a commitment to explore introducing tenancy deposit loans for all functional body employees. In line with this commitment, and to support the London Legacy Development Corporation's (LLDC) determination to recruit, reward and retain high calibre staff, LLDC is proposing to introduce a loan deposit scheme soon after this decision is given effect.

Section 213 of the Localism Act 2011 requires that LLDC seeks consent from the Mayor to give financial assistance, including loans, to any person. Under the LLDC Governance Direction 2013 (MD 1227) and within the context of the Mayoral Scheme of Delegation (MD 1500), the Mayor delegated his power to provide this consent to senior GLA officers. The purpose of this decision form is to give that consent.

It also constitutes consultation on and a positive response to the proposal in so far as it constitutes a change to LLDC's 'rates and eligibility criteria for staff'. Under the aforementioned Governance Direction, such changes have been delegated to LLDC but subject to consultation with the Mayor.

#### Decision:

That the Head of Finance and Governance:

Grants consent to LLDC to give financial assistance, as defined under section 213 of the Localism Act 2011, in the form of tenancy deposit and other loans to staff, as part of contractual or non-contractual benefits, that do not exceed £10,000 per annum and are in line with the HRMC guidelines relating to tax free loans from an employer.

#### 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:** Tom Middleton

**Position:** Head of Finance & Governance

**Signature:**



**Date:**

07.02.17

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

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

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

Following a commitment made by the Mayor in January 2017, every member of the GLA Group is now either offering tenancy deposit loans or is committed to doing so in the near future. LLDC currently falls into the latter category and will, subject to this consent, launch its scheme before the start of 2017/18.

LLDC's proposed scheme is in line with that of the GLA, which it introduced in 2014. Staff members will be eligible for an interest-free loan to cover their deposit in a new private-rented sector tenancy. The recipient of the loan will repay it in 11 monthly instalments through a deduction to her/his salary.

The maximum amount an employee will be able to borrow will be the equivalent of one month's net pay. Note the average net pay per month for LLDC employees is £2,900 and the average rental deposit is about £980 (source: Shelter).

The loans will be in line with and tax free under HMRC guidelines. This is on the proviso that loans from an employer to an employee do not in aggregate exceed £10,000. LLDC offers other loans to staff as part of contractual or non-contractual benefits. The total amount an employee will be able to receive in tax-free loans will therefore be capped at £10,000 to ensure HMRC guidelines for tax free loans are met. The other such loans LLDC currently offers to staff are for:

- Season Ticket Travel
- the Cycle to Work Scheme
- Childcare

#### *Governance requirements*

This decision is required because LLDC must seek consent from the Mayor to give financial assistance, including loans, to any person under section 213 of the Localism Act 2011. Therefore these loans technically fall within this requirement notwithstanding they are in the context of staff benefits. Under the LLDC Governance Direction 2013 (MD 1227) and Mayoral Scheme of Delegation (MD 1500), the Mayor delegated his power to exercise this consent to senior GLA officers.

Under paragraph 4 (5) of Schedule 21 of the Localism Act, rates and eligibility criteria for staff remuneration, travelling and other allowances and sums by way of, or in respect of, pensions and gratuities are to be determined by the Mayoral Development Corporation with the agreement of the Mayor. Approval was originally given by Mayoral Decision 991 (Governance of the London Legacy Development Corporation and sharing of proceeds from the sale of land at the Olympic Park). The approval of any subsequent changes was delegated to LLDC by, most recently, the LLDC Governance Direction 2013 (MD1227). That was on the proviso LLDC consulted with the Mayor before making any such changes. In practice, this consultation can be undertaken with senior GLA officers, acting on behalf of the Mayor, and in so far as tax-free loans fall within paragraph 4 (5) of Schedule 21 of the Act, this decision form constitutes that consultation – and a positive response.

The loans are not covered by the LLDC financial assistance consent 2014 (DD1245), which relates to financial assistance solely by way of grants.

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

The objective of the proposal is to support staff with private rented housing costs by providing an interest-free loan to cover the deposit.

## **3. Equality comments**

The scheme will improve access to the private sector housing market for all LLDC staff. Otherwise there are no direct equality implications arising from this decision.

## **4. Other considerations**

### *a) Key risks and issues*

LLDC has identified the following mitigations to reduce the risk of the non-repayment or misuse of loans.

- **Loan Agreement** – Employees will have to sign a loan agreement, authorising LLDC to take loan repayments from the employee's net salary. The agreement states that should the employee leave, the final balance of any outstanding loans will be deducted from the employee's final salary payment.
- **Tenancy Deposit Protection** – Under the law, landlords and agents must put a rental deposit into a Tenancy Deposit Protection Scheme within 30 days of receiving it. The loan agreement will specify that the employee must provide evidence of the tenancy protection within 30 days of taking out a loan otherwise the loan will become immediately repayable. This is to prevent the misuse of loans and also encourages employees to ensure that their deposits are safe.
- **Deposit Deductions** – The agreement makes clear that if there are any deductions by the landlord, the loan is still required to be paid off in full.
- **Rental Fraud** – To encourage applicants to take appropriate action against rental fraud before paying their deposit, links to the Action Fraud website will be provided to employees. Employees will still need to repay their loan should s/he fall victim to rental fraud (this is covered in the loan agreement).

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

This proposal supports the Mayor's January 2017 commitment to explore introducing tenancy deposit loans for all staff in functional bodies.

### *c) impact assessments and consultations.*

It is not considered any additional impact assessment or consultation is required in respect of this decision.

## **5. Financial comments**

There is no direct cost to the GLA and the loss of interest for LLDC is not material and is funded within existing budgets.

## **6. Legal Comments**

No further legal implications arise.

## 7. Planned delivery approach and next steps

Activity	Timeline
LLDC Executive Management Team decision to approve implementing tenancy deposit loans, subject to Mayoral consent	16 January 2017
Scheme start date	February 2017

### Appendices and supporting papers:

None

**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? NO**

**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:**

Tim Somerville has drafted this report in accordance with GLA procedures and confirms that the Finance and –if relevant- Legal teams have commented on this proposal as required, and this decision reflects their comments.

**Corporate Investment Board:**

The Corporate Investment Board reviewed this proposal on 6 February 2017.

**HEAD OF FINANCE AND GOVERNANCE:**

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

**Signature:**



**Date:**

07.02.17

