

GREATER LONDON AUTHORITY

REQUEST FOR DIRECTOR DECISION – DD2300

Title: Barking Riverside Infrastructure

Executive Summary:

This decision seeks the Assistant Director – Housing’s approval (authorised as per 7.4 of the decision-making framework from the Executive Director of Housing & Land) to allocate up to £10m of grant funding from the Affordable Homes Programme 2016-21 to Barking Riverside Limited to meet a shortfall in available funds to deliver infrastructure within the Barking Riverside project. The Executive Director has delegated authority to give approval through the provisions in “Mayoral Decision-Making in the Greater London Authority” because expenditure is from the budget approved by MD2125 (Affordable Homes Programme 2016-21) and has formally authorised the Assistant Director-Housing to act in his place.

This funding would be used to provide a contingency buffer for existing infrastructure projects in case of future overspend and thereby facilitate the award of contracts to deliver the wider development using existing allocated funds.

Decision:

That the Assistant Director - Housing, approves:

Expenditure of up to £10m of grant funding to Barking Riverside Limited (BRL) to assist in the delivery of the infrastructure described in Part 2 of this decision paper, which will unlock the delivery of affordable homes within the Barking Riverside scheme, subject to the GLA entering into contract with BRL in respect of this funding.

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: Jamie Ratcliff

Position: Assistant Director - Housing

Signature:



Date:

29/11/18

PART I – NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1. Barking Riverside Limited (BRL) is a joint venture company (JV) the shares in which are owned by GLA Land and Property Limited (GLAP) (49%) and London & Quadrant Housing Association (51%).
- 1.2. The purpose of the JV is to prepare the Barking Riverside site for redevelopment, providing: serviced development plots for house builders; and essential physical infrastructure including highways, utilities, public realm and community facilities. The JV owns the site and has prepared, submitted and secured consent for development of the multiple phases of the scheme to deliver a total of 10,800 new homes along with 7 schools, a new district centre and associated infrastructure.
- 1.3. The regeneration of Barking Riverside is underway, 1,158 homes already completed, two new primary schools, a secondary school, a community centre and a food store either complete or underway, along with an extension to the Gospel Oak Overground line to connect to Barking Riverside.
- 1.4. GLAP has both invested in the creation of BRL by the purchase of shares, and subsequently provided a further loan facility to BRL to deliver the Overground extension (MD1565).
- 1.5. Whilst funding is in place for key elements of the infrastructure and works underway, an issue has been identified within one of the works packages where there is the potential for insufficient funding to be available to cover identified risks within the project.
- 1.6. Whilst the potential to expand existing loans or invest in further loan stock within BRL have been explored, it is clear the nature of the issue is that sufficient funds exist to deliver the identified works package within the current budget. However, if the identified risks occur, then additional funding would be required but the commercial balance of the scheme would not improve. Therefore, loan funding and similar interest accruing investments would not be appropriate.
- 1.7. However, the GLA is in the final stages of agreeing a series of land and infrastructure funding packages with Government, to a total of £486m, which would allow the GLA to provide grant funding to unlock difficult or constrained sites such as these.
- 1.8. GLA officers anticipate finalising the agreement with Government on the funding by 1st January 2019, and would look to accept these funds via a future Mayoral Decision before the end of the financial year. However, as the GLA and BRL are keen to continue the current pace of development within Barking Riverside it is proposed to make up to £10m of funding available from the Homes for Londoners: Affordable Homes Programme 2016-21 in the form of a last resort contingency, drawn down only if an unavoidable increase in costs occurs within defined work packages and by defined dates. If and when the future land and infrastructure funds are agreed with Government and accepted through Mayoral Decision it is envisaged that the funding source for these monies will be reprioritised.
- 1.9. In order to continue the existing development programme, firm commitment to this funding must be in place by Friday 30th of November 2018 in the form of a decision by the GLA. It is anticipated that the funding will be needed in 2020/21, therefore this funding would be made available to BRL through negotiation of a subsequent contract and available to draw down from April 2020 at the latest.
- 1.10. Notably, in line with the existing delegations under the mayoral decision-making framework (and further to MD2125), it is for the Executive Director for Housing & Land to allocate funding from the Affordable Homes Programme. However, on the basis that the Executive Director is also a Board Member of Barking Riverside Limited, following discussions with the GLA's Governance Team and in

the interests of transparency, the Executive Director has authorised the Assistant Director – Housing to act in his place in relation to decision-making for this proposal and the Executive Director has confirmed they will play no role in the decision-making process. As per paragraph 7.4 of the decision-making framework¹, a formal written request has been made by the Executive Director to the Assistant Director – Housing. This has been logged with Governance.

2. Objectives and expected outcomes

2.1. The overarching objective is to continue the realisation of the delivery of 10,800 new homes at Barking Riverside, of which no less than 50% will be affordable. Without this funding, further infrastructure contracts cannot be let, which will result in a stalling of the scheme.

2.2. With this funding, in addition to existing approved funds, the main outputs are as follows:

Homes: 10,800 homes commenced by 2028, a minimum of 50% of which will be affordable.

Jobs: 2,232 permanent jobs, including a new district centre.

Schools: A secondary school, 5 new primary schools and a special needs school.

Infrastructure: A new Barking Riverside Overground station and accompanying extension to the existing Overground line, along with new decentralised energy network, roads, and associated infrastructure.

3. Equality comments

3.1. The GLA's public sector equality duty has been considered in relation to this recommendation and no specific issues have been identified as a result.

3.2. Positive contributions to equality have been considered through the Accessible London SPG which requires all new housing to be built to 'The Lifetime Homes' standard and for ten per cent of new housing to be wheelchair accessible, or easily adaptable for residents who are wheelchair users.

4. Other considerations

Key risks and issues

4.1. Without this funding, there is not sufficient contingency within the existing budgets to be able to let key work packages and critical infrastructure will not be delivered, putting significant portions of the scheme at risk.

4.2. Similarly, the timing of the letting of these work packages means that without confirmation of the availability of these funds by 30th of November, key milestones will be missed that will result in critical impacts to the ability to let the works packages.

Links to Mayoral strategies and priorities

4.3. The delivery of Barking Riverside is one of the Mayors key housing projects. As such, the project contributes to the delivery and realising the vision of the London Plan, Mayor's Housing Strategy and the Mayors Transport Strategy.

Consultations and impact assessments

¹ From the Decision-making framework: 7.4 A Senior Member of Staff may ask another member of staff to act in her or his place for the purposes of this Framework and for a specified period of time while they are absent from the office or otherwise unavailable. The arrangement should be set out in writing, circulated to interested parties, including the Governance Team, and make clear what areas of responsibility are being covered by the Acting Senior Member of Staff and for what period of time. Normally the Acting Senior Member of Staff will be at the same level of seniority or one level below.

- 4.4. The vision and masterplan for Barking Riverside was part of an extensive consultation process which culminated in approval of the original Planning Permission (08/00887/FUL) and subsequent Variant Planning Permission (16/00131/OUT).

5. Financial comments

- 5.1. This decision requests approval of expenditure of £10m for potentially insufficient funding of infrastructure works on the Barking Riverside scheme. Without this expenditure there is the risk of delay to the delivery of housing, including affordable housing.
- 5.2. The expenditure is to be funded from grants for this purpose currently under negotiation with the Government. However, to prevent delay in the programme, it will be funded from the Homes for Londoners: Affordable Homes Programme in the short term.

6. Legal comments

- 6.1 The provision of financial assistance (including grant funding) for the delivery of infrastructure which unlocks new housing supply, including affordable housing supply, is permissible under sections 30(1) and 34 of the Greater London Authority Act 1999 (the GLA Act), if the GLA considers that doing this will further one or more the GLA's principal purposes of: promoting economic and social development in Greater London, and improving the environment in Greater London.
- 6.2 In determining whether or how to exercise the power conferred by section 30(1) of the GLA Act, the GLA must:
- (i) have regard to the effect that these decisions 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);
 - (ii) pay due regard to the principle that there should be equality of opportunity for all people (section 33 of the GLA Act); and
 - (iii) have due regard to the Public Sector Equality Duty; namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010, and to advance equality of opportunity between persons who share a relevant protected characteristic (race, disability, gender, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment) and persons who do not share it and foster good relations between persons who share a relevant protected characteristic and persons who do not share it (section 149 of the Equality Act 2010).
- 6.3 In this respect regard should be had to section 3 above.
- 6.4 Officers must ensure that all necessary and appropriate steps are taken and a suitable funding agreement entered into with BRL to formalise the provision of the grant funding before committing to the same.
- 6.5 Further legal comments are set out in Part 2 of this paper.

7. Planned delivery approach and next steps

Activity	Timeline
Confirmation of funding availability	November 2018
Negotiation of contract with Barking Riverside Limited	December 2018
Availability of funding	from April 2020

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

If YES, for what reason:

Until what date: (a date is required if deferring)

Part 2 - Sensitive information

Only the facts or advice that would be exempt from disclosure under FoIA should be included in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form - YES

ORIGINATING OFFICER DECLARATION:

Drafting officer to
confirm the
following (✓)

Drafting officer:

Rachael Hickman has drafted this report in accordance with GLA procedures and confirms the following:

✓

Assistant Director/Head of Service:

Simon Powell 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

This decision was agreed by the Corporate Investment Board on 26 November 2018.

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

M. J. Allen

Date 30.11.18

