

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD2727

### Title: Pocket Living Limited Funding Extension 2020

#### Executive Summary:

This MD requests approval to extend the GLA's revolving and recoverable grant facility with Pocket Living 2017 Limited ('Pocket') by £5m. This will increase the GLA's capital exposure to £61.3m. The additional exposure is being sought on a short-term loan basis to be repaid two years from when the facility is made available (final long-stop repayment date anticipated to be 31 January 2023 at the latest), ahead of the current GLA facilities due to mature on 31 March 2028. Approval is expected to enable delivery of an additional 115 affordable housing starts by 31 March 2023. This MD also includes other proposed amendments to the existing funding arrangements: (i) a mechanism to enable earlier repayment of GLA monies back into the model in return for early access to locked-up profits; and (ii) an extension of Pocket delivery of 1,263 affordable housing starts under the current Affordable Housing Programme extension to 31 March 2023. The proposed investment route will contribute to the progression of the Pocket business model into a self-sustaining operation, whilst improving the efficiency of GLA funding.

#### Decision:

That the Mayor:


- 1) Approves additional funding of £5m from the Affordable Homes Programme 2016-23 to Pocket Living (2017) Limited, increasing the GLA's total investment to £61.3m;
- 2) Approves an extension of Pocket delivery of 1,263 affordable housing starts under the current Affordable Housing Programme extension to 31 March 2023;
- 3) Approves further amendments to the existing funding arrangements between the GLA and Pocket Living (2017) Limited regarding earlier repayment of GLA monies back into the model in return for early access to locked-up profits, in accordance with the details set out in this MD; and
- 4) Delegates authority to be exercised by either the Executive Director of Housing and Land or the Interim Deputy Executive Director of Housing and Land, in either case in consultation with the Executive Director of Resources, to approve by record in writing the final contractual terms and documentation associated with the proposals set out in this MD including: any variations required to the existing funding agreement between the GLA and Pocket Living (2017) Limited dated 20 December 2019; any inter-creditor arrangements and security documentation required; and any other legal agreement required to implement these proposals.

#### 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:

14/12/20

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

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

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

- 1.1 Pocket Living Limited (“Pocket”) is a developer of affordable homes, typically sold at a discount of 20% to the local market sale price to first time buyers. Pocket homes are typically one bedroom one person apartments and through efficient layout design, all the dwellings it constructs meet London Plan space standards. Pocket also delivers a mainstream market product (known as Pocket Edition) that does not carry a market discount.
- 1.2 The original GLA agreement dated 19 July 2013 with Pocket Living (2013) LLP (the “2013 Agreement”) provided a recyclable revolving grant fund of £26.4m as set out in MD1145 and MD1174. The 2013 Agreement was funded through the Mayor’s Housing Covenant – Homes for Working Londoners Programme, and delivered 665 affordable homes. All 665 homes have now been completed.
- 1.3 The 2013 Agreement demonstrated that there was a strong market demand for Pocket’s core affordable housing product. Subsequently, a successful business case was made for the GLA to increase its investment into Pocket. This was approved through MD2122 and crystallised through a Facility Agreement completed on 25 August 2017 (The “2017 Agreement”). This provided Pocket with an additional £25m loan through the Innovation Fund as part of the Affordable Homes Programme 2016-2021, which had a final long-stop repayment date of 31 March 2028.
- 1.4 The combination of the first loan of £26.4m under the 2013 Agreement, and the subsequent loan of £25m into a single £51.4m revolving loan facility is recorded by the 2017 Agreement addendum dated 2 July 2018.
- 1.5 The total combined revolving capital fund is referred to in the 2017 Agreement as Tranche B and is used for the acquisition of sites and related pre-construction costs agreed with the GLA. The sites acquired by Pocket using the Tranche B facility may be purchased prior to planning permission and can deliver a mix of affordable and market housing. More detail on the revolving facility is detailed in Part 2 of this MD.
- 1.6 The 2017 Agreement requires Pocket to start 1,148 affordable homes by 31 March 2021. Largely due to planning delays on a number of schemes, as well as Practical Completion delays to sites currently under construction, it is unlikely the 1,148 homes will be delivered by 31 March 2021. GLA officers recommend extending this target date to 31 March 2023 in line with the wider current Affordable Housing Programme extension to 31 March 2023 and reflecting the flexibility offered to other grant recipients of the programme. Following robust assessment of Pocket’s project pipeline, GLA officers are satisfied the target will be met by 31 March 2023.
- 1.7 Director decision 2147 approved a £4.9m loan of working capital provided on commercial terms to cover Pocket’s operating costs, which was originally due to be repaid by 31 March 2020. This is referred to in the 2017 Agreement as Tranche A.
- 1.8 An amendment and restatement of the 2017 Facility Agreement dated 20 December 2019 (the “2019 amendment and restatement agreement”) provided an extension to the Tranche A £4.9m working capital loan, now due to be repaid by 31 March 2023. It also confirmed an increased number of affordable housing starts of 644 units to be delivered by 31 March 2027 as a second overriding purpose of the facility. See Part 2 for further detail on Pocket delivery.
- 1.9 During the renegotiation of the 2017 Agreement, American Real Estate organisation The Related Companies, were in the process of becoming a 50% shareholder in Pocket Living Limited. Under the 2017 Agreement, Related provided a guarantee which gave the GLA sufficient reassurance to permit Pocket to use the funding to buy land on an unconditional basis. Through the 2013 Agreement, all land had been purchased on a subject to planning basis. This adjustment has assisted Pocket in

broadening its engagement with the land market and has significantly increased the scale and diversity of its land pipeline.

#### *Delivery performance*

- 1.10 Pocket's performance in terms of land identification and development process provides confidence that it could increase its delivery if additional capital funding was available. 115 additional affordable homes are to be delivered with the additional £5m Tranche C loan.
- 1.11 Pocket is well-established within the London market, building a strong brand with its core demographic, most of whom are under the age of 40 and on average, earn £44k a year. There is substantial unmet demand for homes at a discounted rate and Pocket has informed the GLA that over 20,000 people have registered their interest in future Pocket homes. Pocket experience minimal sales risk for its core affordable product, with evidence showing that it sells most of these homes within the first three months of site completion. There is, however, sales risk on the 'Pocket Edition' market value flats due to market conditions and competition from comparatively priced homes delivered by others. To mitigate this risk, Pocket seeks to minimise the number of non-affordable Pocket Edition homes on any site, but it is often required by local authorities to keep these in its product portfolio to evidence diversity of housing tenure.

#### *Proposition rationale*

- 1.12 Pocket has submitted a new bid under the Affordable Housing Programme 2016-2023 and accordingly, GLA officers have been in dialogue with Pocket regarding an additional £5m of capital funding on a short-term loan basis to be repaid two years after being made available (final long-stop date anticipated to be 31 January 2023) ahead of the current £56.3m total GLA facilities (Tranche A due to mature 31 March 2023 and Tranche B due to mature 31 March 2028).
- 1.13 It should be noted, that the proposition is not an arrangement that is fully commercial as there are no other parties willing to take the investment position the GLA would occupy. As the funding will help to deliver additional affordable housing, the interest for the funding related to the affordable housing in the proposed £5m Tranche C facility is to be set at a rate GLA officers consider commensurate and validated through the GLA Interest Rate Setting Board.
- 1.14 The preferred proposition outlined in this MD will allow the GLA to benefit from a financial return. Any financial benefit leveraged would be used for the purposes of supporting the delivery of additional affordable housing, with Pocket or another partner within the GLA Housing & Land portfolio and would be at the sole discretion of the GLA at the time of receipt.
- 1.15 On entering the 2013 Agreement, Pocket was an early stage start-up business with an unproven product. Initially, the GLA invested in Pocket to help diversify the housing market and provide greater choice for Londoners. The Pocket business is now maturing and has a positive net asset value. This has culminated in Related increasing its shareholding in Pocket to 70%. Despite these successes, Pocket does not currently have sufficient equity to act as a self-sustaining delivery agent. No other party will take the junior finance position the GLA has occupied since 2013.
- 1.16 External commercial advice has previously been sought (July 2019) in relation to extending GLA investment in Pocket Living. Recognising the age of the report and that the macro-economic environment has changed (due to the impact of Covid-19), the advice is still considered valid with regard to the assessment of Pocket Living. One of the key highlighted points taken into consideration as part of the current request was that Pocket still require GLA capital to grow its business and deliver its affordable discounted market sale product. In bringing this proposal forward, consideration has been given to the external commercial advice together with supplemental information requested from Pocket which has taken precedence in the assessment of the proposition including cashflows, relevant scheme appraisals/forecasts, unit and sales delivery forecasts.

### *Early repayment mechanism*

- 1.17 In addition to the provision of a further £5m of capital funding, it is also proposed that a mechanism is implemented, amending the 2017 Agreement as necessary, to enable earlier repayment of GLA monies back into the model, in return for enabling early access to profits for investors where appropriate. This would drive lower exposure to the GLA whilst simultaneously enhancing the efficiency of the recycling nature of the facility.
- 1.18 The ability to refinance and enable early release of GLA funding back into the revolving model will enable Pocket to start on the journey towards achieving self-sustainability and give the business additional funds to grow its pipeline and ultimately deliver more affordable housing. These benefits will support Pocket's strategy to grow a sustainable development business.
- 1.19 The principle of the mechanism has been established by GLA officers in negotiations to date. The external commercial advice obtained in July 2019 supported the proposed mechanism currently being structured as an additional optional recommendation. The detail of this is outlined in Part 2 of this MD.

### *Proposition terms*

- 1.20 The investment proposition that is outlined below would enable Pocket to:
- build its net asset value (and equity) to help it towards becoming a self-sustaining delivery agent; and
  - enable a model encouraging Related or other investors to further invest in Pocket and work alongside the GLA facility, further improving the efficiency of GLA funding and value for money.

### *£5m Tranche C short-term loan facility*

- 1.21 An additional £5m of capital funding on a short-term loan basis at an agreed interest rate would be extended to Pocket as a separate Tranche C of the total GLA facility, with a repayment date (principal and interest) two years after being made available and a long stop repayment anticipated to be 31 January 2023. This would be funded from the headroom within the current Affordable Homes Programme 2016-2023 from which the current Tranche A and B facilities are funded.
- 1.22 The key housing delivery targets associated with the contract would be:
- meeting the 2017 contractual requirement of 1,148 homes (extended from 31 March 2021 and now to be met by 31 March 2023);
  - an additional 115 affordable Pocket starts on site by 31 March 2023; and
  - inclusive of the homes delivered under the 2013 agreement and the second overriding purpose of the 2017 agreement, a cumulative delivery total of 3,237 affordable starts on site by 31 March 2027.
- 1.23 Updated annual milestone targets will be agreed and sanctions will be contractual if these are not met (following the existing 2017 agreement) to incentivise timely delivery.
- 1.24 To improve the GLA's position and recognising that an extension of this additional funding encourages the route to self-sustainability but may also unintentionally encourage reliance on GLA funding, an interest rate will be applied against the £5m Tranche C facility related to affordable delivery (with any funding not related to affordable housing repaid, together with a market rate of interest, into a GLA charged account upon grant of planning permission). Repayments of the principal amount will function on the same basis as the 2017 Agreement but with amended repayment dates as outlined above (see 1.12) and to be detailed in the contracting phase. The detail of this is referred to in Part 2 of this MD.

- 1.25 Currently the GLA funding is secured by way of fixed charge against the sites. The GLA also has the benefit of a guarantee from Related for the Tranche B facility if there is a failure to develop the sites or if certain fraudulent or negligent events occur. This security arrangement will be replicated for the proposed Tranche C facility.
- 1.26 The 2017 Agreement will be used as the basis to structure the arrangement for the Tranche C Facility with the base principles remaining to ensure continued delivery and minimise disruption. Key amendments on amounts, repayment terms and interest rates, as well as other detailed matters arising will be integrated.
- 1.27 It is understood that the consent of Pocket's other lenders will be required in respect of the proposed increase to the GLA's loan facility and the amendment of the interest and repayment terms in accordance with an Intercreditor Agreement dated 25 August 2017 between Lloyds Bank, Homes England and the GLA.
- 1.28 The terms of this proposition will be subject to contract and detailed due diligence.

#### *Additional external investment*

- 1.29 As part of the 2017 Agreement, surplus profits are held in a locked account and only accessed to pay operational costs as a way to 'top up' the GLA Tranche B revolving loan facility (locked up profits or "LUPs").
- 1.30 Alongside the £5m Tranche C facility, the GLA will also look to facilitate a model for Pocket to access locked-up profits on individual schemes in return for early repayment via additional investment from external investors.
- 1.31 It is anticipated that the two mechanisms of: (i) a £5m Tranche C bridging facility and (ii) enabling early refinancing of the GLA revolving facility and early access to locked-up profits, within the framework of the 2017 agreement will begin to provide the sustainability needed for the Pocket business to operate successfully with reliance on GLA funding beginning to lessen going forward.
- 1.32 Protections will be considered to ensure the GLA is in a positive position and ensure the overriding objective of affordable housing delivery continues to take precedence regardless of Related or any other investors who may replace the GLA via refinancing. To the extent the GLA requires additional rights to ensure this delivery, GLA officers will consult with legal advisers as part of the detailed negotiation.

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

- 2.1 An increase in housing delivery of 115 affordable Pocket starts, brings the cumulative total to 3,237 over the period of Pocket's proposed funding partnership with the GLA.
- 2.2 Improving Pocket's long-term resilience, by it becoming a self-sustaining delivery agent with less reliance on GLA junior financing.
- 2.3 To further grow the delivery rate of the platform so that Pocket can continue to diversify the affordable housing offer for Londoners beyond the requirement for GLA funding.

## **3. Equality comments**

- 3.1 Section 149(1) of the Equality Act 2010 provides that, in the exercise of their functions, public authorities 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; and foster good relations between persons who share a relevant protected characteristic and persons who do not share it.



- 3.2 The protected characteristics under section 149 of the Equality Act are age, disability, gender re-assignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation, and marriage or civil partnership status.
- 3.3 The housing shortage in London disproportionately affects people with certain protected characteristics. Increasing the supply of housing, and in particular affordable housing, will help to achieve positive impacts in line with the 'three needs' outlined above.
- 3.4 Strategic objective 1 of the Mayor's equality, diversity and inclusion strategy published in May 2018 is therefore to work with housing associations, councils, developers, investors and government to help increase the supply of homes that are genuinely affordable to buy or rent. This will help to tackle the inequalities experienced by certain groups of Londoners most affected by the city's shortage of affordable homes.
- 3.5 The allocation of the funding is from the Homes for Londoners: Affordable Homes Programme 2016 – 21 (now extended to 2023) and is aimed at implementing the Mayor's policies set out in the London Housing Strategy. In May 2018, the GLA published an impact assessment, including an equalities impact assessment, of that strategy. Policies related to increasing housing supply and delivering affordable housing, to which this programme will contribute, were also covered by the Integrated Impact Assessment (IIA) for the Intend to Publish London Plan, published in December 2019.
- 3.6 The IIA concluded that the cumulative impact of these policies combined with policies for flexible housing mix, high quality inclusive design and accessible housing would contribute to creating inclusive communities, relieve housing pressures that disproportionately affect lower-income groups and ensure the needs of diverse groups are considered in housing delivery and design.
- 3.7 The current agreement makes the London Living Wage (LLW) applicable to Pocket. Since the GLA's standard Affordable Homes Programme 2016-2023 grant agreements require grant recipients to use all reasonable endeavours to ensure they shall (and their consultants, contractors and sub-contractors shall) not pay an hourly wage less than the LLW to their employees and considering the extensive investment of public money in Pocket, the broader agreement will now also apply to Pocket.
- 3.8 As the GLA is an equal opportunities employer bound by the public sector equality duty, Pocket will be required in its association with the GLA to deliver affordable housing to visibly lead the sector in terms of equality, diversity and inclusion. The 2019 restatement and amendment agreement required as a condition, Pocket to submit its Diversity and Inclusion policy and an Action Plan to improve diversity and inclusion within its business. This Action Plan has been approved by the GLA and as a live document, is reviewed regularly by GLA officers in collaboration with Pocket. It is the intention for the Action Plan to be reviewed and further developed as appropriate on an annual basis as a minimum until the end of the contract.
- 3.9 Pocket currently deliver wheelchair accessible homes in accordance with policy requirements. It has experienced sales risk in ensuring that these are allocated to suitable clients. Pocket will be required to produce a detailed action plan, setting out its best endeavours to ensure that the market is suitably tested to ensure allocations to appropriate clients are possible within an effective process.

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

##### *Key risks and issues*

- 4.1 Housing delivery and property development is intrinsically risky. A general risk to property development is that significant changes to demand factors in the housing market and the wider economy could negatively impact on Pocket's ability to deliver genuinely affordable homes. Price falls could render schemes financially unviable for providers and increases could move homes out of reach of first-time buyers.

- 4.2 Current risk mitigations in place as part of the facility are proposed to continue with the Tranche C facility. These include requiring sensitivity testing of sales value assumptions within development appraisals at the time of site purchase. Suitable security documentation and repayment arrangements commensurate with the Tranche C facility size will also be put in place as part of the GLA's funding requirements to protect against the risk that a development incurs a loss upon completion. Agreeing the terms of these arrangements will form part of the detailed financial and legal due diligence.
- 4.3 The proposed framework to enable earlier refinancing of schemes, by allowing Related or other investors to draw a dividend, reduces GLA exposure but carries the risk of excess profits being received by Related. The locked-up profits mechanism is proposed to continue as part of this framework. A proportion of profits remaining after debt and equity repayments have been made will be retained within the GLA charged account as locked-up profits for sustainability purposes within the Pocket business model. Measures to protect against excess profit in the case of a market upturn will be taken and confirmed during contract negotiations; see Part 2 for further detail. The GLA would take additional measures where possible to ensure dividends are re-invested by Related back into the Pocket business model.
- 4.4 Although the extension of additional short-term funding in combination with enabling the facility to allow earlier refinancing of schemes is solely intended to assist Pocket with a route to self-sustainability, it is also recognised that these actions may also unintentionally encourage a reliance on GLA funding. The implementation of an interest rate for affordable delivery on the additional short-term funding provides a mitigant to this risk. It provides a steer on the GLA view for additional funding and that so long as assessed to be able to be borne by the business and compliant with state aid rules, Pocket will be subject to an interest rate on affordable delivery deemed applicable as determined by the internal matrices.
- 4.5 Market vulnerability impacting on sales values is an ever-present risk in property development but remains a particular risk in current times acknowledging the current Covid-19 pandemic and the unknown impacts of the Brexit transition. Current risk mitigation includes Pocket undertaking sensitivity analysis on sales values at the appraisal stage to be confirmed where appropriate by RICS standard professionals. This risk mitigation will continue for the proposed Tranche C facility. In addition, comfort is provided with Pocket having evidenced the ability to largely maintain forecast sales values and sell out schemes and make repayments towards the Tranche B facility accordingly during the Covid-19 pandemic.
- 4.6 There has been marked construction price inflation in recent years. Further cost inflation and uncertainties in the availability of construction labour in London (especially during the current Covid-19 pandemic and post-Brexit transition period) could lead to further rises in build price.
- 4.7 Sensitivity testing of cost assumptions and inflation within development appraisals will be considered by the GLA at the time of site purchase.
- 4.8 As Pocket will be able to compete for development sites on an unconditional basis before planning permission is granted and the level of affordable housing is known, it is possible for Pocket to over-pay for land or to acquire land that cannot be delivered for housing.
- 4.9 Pocket will continue to be required to present to the GLA a package of due diligence material to support the land offer assumptions including planning risk, site constraints and qualified assumptions on sales values, land value (where applicable) and build costs. The risk that a development incurs a loss upon completion will be mitigated through suitable security documentation and repayment arrangements.
- 4.10 During the construction phase of a project, there is a risk that building contractors may face administration or liquidation and be unable to proceed with the delivery of the project. There may be circumstances where this could lead to senior lenders calling a default and placing the GLA's investment at risk, including from other projects that are provided as collateral. This risk will be

managed on the same basis as the current Tranche A and B facilities within the terms of the intercreditor arrangements between the GLA and senior lenders.

*Links to Mayoral strategies and priorities*

- 4.11 In the London Housing Strategy (May 2018), the Mayor offers packages of support to enable new entrants to the market to complement the work of traditional private sector developers, with help too for small- and medium-sized builders to build more on smaller sites. This will contribute towards the Mayor's aim that half of all new homes in London are genuinely affordable.
- 4.12 The 'intend to publish' version of the Mayor's new London Plan sets out an ambitious target for 52,000 new homes a year, an increase from the existing London Plan target of 42,000. This project contributes to that goal by providing affordable homes with a distinct specification, diversifying the housing stock. Pocket also provides potential to develop sites that would be too small or not suit traditional large housing developers.

*Consultations and impact assessments*

- 4.13 The GLA has engaged with the Pocket group of companies in relation to this proposal. It is not considered necessary or appropriate to consult any other persons or bodies including those specified in section 32(1) of the Greater London Authority Act 1999 for the purposes of this Mayoral Decision.
- 4.14 There are no conflicts of interest for any GLA officers or Mayoral Adviser involved in the drafting or clearance of this Mayoral Decision.

**5. Financial comments**

- 5.1 This decision requests approval to increase the loan to Pocket Living (2017) Limited by a further £5m, taking the exposure to Pocket to £61.3m. The additional £5m loan is scheduled to be repaid by 31 January 2023. Repayment of the £4.9m working capital loan is scheduled to be repaid by 31 March 2023; ahead of the repayment of the remainder of the loan which is due to be repaid in 2028.
- 5.2 The purpose of the loan is to:
  - a) increase production of affordable units by a further 115, over and above the currently contracted level; and
  - b) help put Pocket on a more sustainable footing, so that it becomes self-financing.
- 5.3 This additional £5m loan will be subject to an interest charge, providing a financial mitigation to the increased exposure risk.
- 5.4 The increase in the overall loan inevitably increases the exposure risk to Pocket as the total exposure will increase from £56.3m to £61.3m until 31 January 2023. This risk is mitigated by:
  - 1) a fixed charge against all sites;
  - 2) a guarantee from Related, the principal shareholder in Pocket;
  - 3) the short-term basis (two years) of the increased exposure: £9.9m of the total facility package will be repaid back to the GLA by March 2023; and
  - 4) the additional funding (£5m) has been proposed following assessment of financial diligence and concluded as an appropriate funding level to be extended to Pocket in order to bring forward additional delivery.
- 5.5 The loan will be funded from the Affordable Housing Programme 2016-2023.



## 6. Legal comments

- 6.1 Section 30 of the Greater London Authority Act 1999 (as amended) ("GLA Act") gives the Mayor a general power to do anything which he considers will further one or more of the principal purposes of the GLA. The principal purposes, as set out in section 30 (2), are: (a) promoting economic development and wealth creation in Greater London; (b) promoting social development in Greater London; and (c) promoting the improvement of the environment in Greater London.
- 6.2 Given the above, the GLA's housing and regeneration functions contained in Part 7A of the GLA Act and section 34 of that Act, which allows the Mayor to do anything which is calculated to facilitate, or is conducive or incidental to, the exercise of any of his functions (including his functions under section 30), the foregoing sections of this report indicate that the Mayor has the power to agree to the decisions set out above.
- 6.3 In determining whether or how to exercise the power conferred by section 30 (1) of the GLA Act, the Mayor must:
- (i) 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; and
  - (ii) pay due regard to the principle that there should be equality of opportunity for all people (section 33 of the GLA Act).
- 6.4 In taking the decisions requested, the Mayor must also have due regard to the Public Sector Equality Duty (section 149 of the Equality Act 2010).
- 6.5 In respect of paragraphs 6.3 and 6.4, the Mayor should have regard to section 3 above.
- 6.6 Prior to entering into any amended facility agreement with Pocket in respect of the funding proposal and other amendments set out in this report, appropriate legal advice must be sought by the GLA as to the detailed terms of the funding, state aid and appropriate security for lending.
- 6.7 GLA officers should ensure that "know your customer" checks to verify the party with which it is contracting are up to date in accordance with the GLA's latest policies. These checks should be completed before any commitment to fund is made.
- 6.8 Further legal comments are set out in Part 2 of this report.

## 7. Planned delivery approach and next steps

Activity	Timeline
Funding agreements in place	By 31 January 2021
Performance reviews	Monthly statements, quarterly reviews, annual compliance audit review
Target longstop date and project closure	2022/2023 for the proposed Tranche C facility depending on date made available (two years from this date). 31 March 2023 for the current Tranche A facility. 31 March 2028 for the current Tranche B facility (subject to performance reviews)

### 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? YES**

If YES, for what reason: Information within may unduly influence current negotiations Pocket are undertaking with current/prospective funders

Until what date: 30 September 2021

**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:**

Yvette McKenzie-Ray has drafted this report in accordance with GLA procedures and confirms the following:

✓

**Sponsoring Director:**

Rickardo Hyatt 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 7 December 2020.

**EXECUTIVE DIRECTOR, RESOURCES:**

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

**Signature**

*D. Gove*

**Date**

11 December 2020

**CHIEF OF STAFF:**

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

**Signature**

*D. Bellamy*

**Date**

7 December 2020