

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD1528

Title: Right to Buy receipts

Executive Summary:

In March 2012, the Department for Communities and Local Government launched the Right to Buy one for one replacement scheme. London receipts not used locally by the boroughs are returned to DCLG and, in turn, transferred to the GLA for allocation to housing providers to deliver housing for affordable rent in London. Receipts transferred to the GLA include accumulated interest generated on the funds. Right to Buy receipts are ring-fenced for the delivery of affordable housing for rent and required to be spent within three years of transfer to the Mayor.

Since April 2012, the GLA has received £11,314,376 in Right to Buy Receipts and interest, of which £892,000 has been transferred to the Mayor's Housing Covenant budget via approval in MD 1281. Approval is now sought for the remaining £10,422,400 of Right to Buy receipts and interest received to the end of February 2015 together with an estimated £15m to be received in 2015-16, to be transferred to the Mayor's Housing Covenant budget for allocation to affordable housing schemes.

Decision:

The Mayor approves estimated expenditure of £25,422,400 towards the supply of affordable rented homes by the Mayor's Housing Covenant programme, on the basis of the Memorandum of Understanding between GLA and DCLG, dependent upon actual levels of receipts during 2015-16.

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:

23/07/15

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

Decision required – supporting report

1. Introduction and background

In March 2012, the Department for Communities and Local Government launched the Right to Buy one for one replacement scheme. Local authorities were invited to sign up to an agreement with DCLG to enable them to retain additional Right to Buy receipts for investment in new affordable rented homes. Receipts not used locally by the boroughs are returned to DCLG and, in turn reallocated in London to the GLA (including any interest accrued on the receipts). The RtB receipts received by the GLA from DCLG will be used to fund the replacement of homes sold through RtB across London with the aim of achieving one for one replacements with the available funds. The GLA will commit this funding on the new supply of affordable rented homes as set out in the Mayor's Housing Covenant Programme framework. The delivery of these homes is over-and-above the delivery targets with DCLG for the 2015-18 housing settlement.

2. Objectives and expected outcomes

A Memorandum of Understanding was agreed with DCLG in February 2013 covering the use of these receipts (see appendix 1). This sets out that the GLA is to endeavour to achieve a one-for-one replacement, to pay the funding within three years of receipt and to fund the homes within mutually agreed value-for-money benchmarks (currently funding no more than 30% of total scheme costs with the receipts).

The GLA is not obliged to provide a set number of homes for the RtB funds received as the expenditure will be based on the grant rates agreed within programme allocations. The homes funded with the RtB funds are to be additional to the agreed DCLG delivery targets and required to be reported to DCLG on a quarterly basis.

Since April 2012, the GLA has received £11,314,376 in Right to Buy receipts and interest, of which £892,000 has been transferred to the Mayor's Housing Covenant budget via approval in MD 1281. Approval is now sought for the remaining Right to Buy receipts and interest (total £10,422,400) received to the end of February 2015, to be transferred to the Mayor's Housing Covenant budget for allocation to affordable housing schemes. It is anticipated that around 15 homes will be delivered with this funding in 2015-16.

3. Equality comments

In January 2014 the GLA published an integrated impact assessment (IIA) including an equalities impact assessment of the Mayor's London Housing Strategy.

The IIA concluded that updating housing projections and targets would support the delivery of sufficient housing and may help to stabilise housing prices, supporting equal opportunities throughout the communities. Furthermore, the provision of housing, including maximising the delivery of affordable housing would be in line with other policies of the London Plan (Policy 3.5), ensuring that the needs of different groups are taken into account in the housing design.

Policies on providing a better mix of homes are largely positive in their effects on sustainability. This includes areas such as health and well-being, safety and security, and liveability. Transferring RtB receipts to the MHC budget to fund delivery of new affordable housing in London should help address the housing needs of some equality target groups (BAME, children/families, older people and disabled people).

4. Other considerations

Under the terms of a Memorandum of Understanding with DCLG, the GLA is required to ring-fence the RtB funding for the delivery of affordable rent homes and to spend this funding within three years of receipt. The aim is to allocate this funding toward individual schemes as soon as possible to ensure the three year timeframe is met through further scheme delivery.

Any risk generated through re-forecasting of schemes proposed for completion within the three year period will be mitigated through an on-going review of deliverability and a redistribution of funds as required.

The GLA is required to report periodically to DCLG the number of homes completed through Right to Buy Receipts funding allocated by the GLA. An indicator within the GLA's online Information Management System will specify which schemes and units are funded by these receipts in order to enable the GLA to provide these reports.

5. Financial comments

The grant from DCLG arising from Right to Buy receipts and related interest of £10,442,400 will be added to the Mayor's Housing Covenant budget for 2015-16. An estimated further £15m, dependent upon actual levels of receipts in year will also be added.

This allocation is within the memorandum of Understanding with DCLG that Right to Buy funding will be spent on the provision of Affordable Rent homes as set out in the Affordable Homes programme framework.

6. Legal comments

The decision requested in this report and the proposal to use the receipts to fund the provision of new affordable housing for rent in accordance with the Mayor's Housing Covenant programme may be viewed as falling within the ambit of the Mayor's housing and regeneration functions contained in Part 7A of the Greater London Authority Act 1999 (the "GLA Act") and within the Mayor's powers under sections 30 and 34 of the GLA Act to do such things to promote or which may be considered to be facilitative of or conducive or incidental to the promotion of social development, economic development and wealth creation in Greater London.

Following transfer of the Right to Buy receipts to the MHC budget, as public funding such receipts should be allocated fairly, transparently and in accordance with the GLA's equalities obligations and requirements of the Contracts and Funding Code and in a manner which represents value for money.

7. Investment & Performance Board

The Housing Investment Group has been updated on the Memorandum of Understanding between the GLA and DCLG and in particular the specific areas related to the use of Right of Buy receipts. On approval of this MD, HIG will be provided on housing delivery progress incorporating the use of these receipts to increase housing supply.

8. Planned delivery approach and next steps

Activity	Timeline
MD approval	June 2015
Allocation of RtB receipts to schemes	July 2015
Programme Monitoring	Ongoing
Reporting to DCLG on progress and outturn	Quarterly

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

If YES, for what reason:

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

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:

Martina Kosuthova has drafted this report in accordance with GLA procedures and confirms the following have been consulted on the final decision.

✓

Assistant Director/Head of Service:

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

✓

Sponsoring Director:

David Lunts has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

Richard Blakeway has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

Mr D. Allge

Date

17.7.15

CHIEF OF STAFF:

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

Signature

E. Smith

Date

21.07.2017.

