

Annex A: DCLG/HCA and GLA Joint Working on Financial Transactions delegated to HCA.

Memorandum of Understanding

This MoU sets out the principles for joint working arrangements between the GLA and HCA on delivery programmes using financial transactions where authority to operate in London is delegated to the HCA – the decision to delegate can only be taken by the Mayor¹. The guiding principle is that the lead on programme design, execution and monitoring is taken by the organisation holding the financial risks.

This MoU will operate from date this agreement is signed in respect of current and future Financial Transaction programmes, excluding those where agreed otherwise (e.g. consumer demand led programmes, such as Help to Buy, which use a different programme allocation and management architecture).

The Department recognises however that the Mayor's delegation to HCA does not cut across the GLA's pre-eminence as the body with responsibility for housing and regeneration in London.

Programme development

Where new financial transaction programmes are proposed and where a delegation to the HCA to operate in London is envisaged, the Department will engage with the GLA as early as possible.

The draft prospectus for a new Programme will be shared with the GLA to provide sufficient time for discussion, in order to enable a fit with London Housing Strategy, London Plan and GLA objectives, where appropriate.

Bespoke 'London text' will be included in the relevant sections of the document as appropriate and unless agreed otherwise

The prospectus will share the joint branding of DCLG/HCA and the GLA and be subject to a joint press release unless agreed otherwise.

¹ The HCA no longer has the legal power to operate in Greater London and its property, rights and liabilities in Greater London were transferred to the GLA by statutory transfer scheme. Sections 38(1) and (2) of the GLA Act allow the Mayor to authorise HCA to exercise his functions under the Act, including those contained in sections 30 and 34. Section 38(3) of the GLA Act requires that HCA must consent to the delegation, for all proposed delegations the HCA will provide formal written consent to the Mayor. Section 38(10) of the GLA Act requires the delegation to be in writing. Each delegation will be captured in an Instrument of Delegation setting out the principles agreed here and any programme specific conditions. The decision to delegate can only be taken by the Mayor.

Programme management

GLA representation will be invited to the Programme Board overseeing the implementation of the programme when issues relating to London are to be discussed.

Relationship management

The GLA will act as the point of contact for any bidders considering bids in London and will continue to manage relationships with bidders at a strategic level. The HCA will act as the lead point of contact throughout the due diligence, contracting, monitoring and investment recovery phases. HCA will make relevant information available to the GLA as required and as requested.

Bid assessment

The HCA will, in consultation with GLA, develop an assessment framework and assessment guidance. The HCA will provide assessment templates for completion by GLA assessors where GLA does not have access to HCA on-line systems. The HCA will arrange a briefing for assessors, including GLA, prior to the commencement of the assessment process. DCLG/HCA will be responsible for final decisions on assessment criteria and their relative weightings.

The HCA will be responsible for scoring the 'technical' (eg. viability, repayment, security, investment, VFM) aspects of bids, and the GLA will undertake the 'local' (eg. strategic 'fit', deliverability, planning risk, design quality) assessment.

Moderation of bids

Moderation will include representation from DCLG/HCA and GLA. Moderation will review the emerging outcome of the assessment process. Final decisions on bids will rest with DCLG/HCA.

Shortlisting

HCA will produce a shortlist of bids to be considered at the Programme Board.

Due Diligence

The HCA will consult with the GLA on the due diligence arrangements for the programme. The HCA will lead the due diligence process.

The GLA will be invited to attend due diligence meetings, in the context of its overall relationship management role in London, where projects in London are discussed, unless otherwise agreed. The HCA will discuss the outcome of due diligence with the GLA prior to informing bidders.

Notification

For key GLA delivery partners (e.g. London Boroughs, housing associations) the GLA will initially inform bidders if they've been successful. The HCA will then notify bidders in writing if their bid has been shortlisted or rejected following the assessment stage and will also inform bidders of the outcome of due diligence and of investment decisions. The GLA will be copied into these notifications.

Project Approvals

Investment decisions will be taken by HCA/DCLG (and HMT as necessary) through both organisations' respective internal decision making processes. The GLA's views can inform the HCA/DCLG decision making process though undue delays should not be introduced as a result of the GLA decision making process. GLA will respect confidentiality requirements applying to DCLG/HCA in considering commercially sensitive information relating to projects in London. HCA/DCLG would not invest where GLA does not support this based on reasons consistent with the prospectus and following discussion.

Programme monitoring and reporting

The HCA will agree the arrangements for reporting to the GLA at due diligence, contracting and post-contracting stages in respect of projects in London.

Monitoring and information requests post-contracting will be routed through the HCA and copied to the GLA.

Programme evaluation

Programme evaluation arrangements will be agreed at the joint Programme Board.

The GLA will be provided with an annual report of all Financial Transactions managed by the HCA in London. Contracts with providers will state that information can be provided to the GLA. The GLA will recognise, accept and maintain the confidential and commercially sensitive nature of this information.

Investment recovery.

The HCA will be responsible for investment recovery, including the forecasting of receipts. Reports will be provided monthly at the joint Programme Board.

Signed	Signed
Name		Name	
Position		Position	
Organisation	Greater London Authority	Organisation	Department for Communities and Local Government
Date		Date	