

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2725

Title: Docklands Light Railway - Housing Infrastructure Fund

Executive Summary:

On 10 September 2018, MD2355 approved the submission of a Housing Infrastructure Fund (HIF) bid for the Docklands Light Railway (DLR) Amplified Growth Programme by the GLA. In October 2018, it was confirmed that the GLA's bid for £290.7m of grant had been successful. The funding amount has since been reduced by £10m due to the removal of Thames Wharf Station from the HIF project. The funding will help deliver a range of interventions to enhance capacity on the DLR and unlock significant housing development opportunities in the London Boroughs of Newham and Tower Hamlets.

The GLA is required to enter into a tripartite Grant Determination Agreement (GDA) with the Ministry of Housing, Communities and Local Government and Transport for London to deliver the project. The GLA and TfL will also enter a Memorandum of Understanding at the point of entry into the GDA.

Decision:

That the Mayor approves:

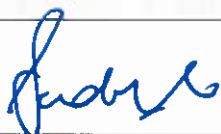
1. entry by the GLA into a Grant Determination Agreement (GDA) with the Ministry of Housing Communities and Local Government (MHCLG) and Transport for London (TfL) in respect of the Docklands Light Railway Amplified Growth Programme to receive up to £280.7m of Housing Infrastructure Fund (HIF) grant from MHCLG and forthwith pay it over to TfL and to agree other rights and obligations as described in this decision form;
2. a delegation to the Executive Director of Housing and Land to approve and enter into the final contractual documentation;
3. a GLA commitment to allocate, at agreed intervals of approximately 25 years (to coincide with future DLR rolling stock replacement events) until 31 March 2078, an amount equivalent to any fare surplus generated by the HIF-funded Docklands Light Railway Amplified Growth Programme for housing or infrastructure that enables housing in London, the amount to be capped (in aggregate) at the value of the HIF funding paid by MHCLG to the GLA under the GDA, less the amount of value captured under associated arrangements in the GDA for land value capture;
4. entry by the GLA into a Memorandum of Understanding with TfL setting out how the GLA and TfL will work together with regard to their respective rights and obligations under the GDA; and
5. expenditure of up to £60,000 from the existing Housing and Land Budget to support the monitoring of 14 housing sites to meet the GLA's obligations under the GDA (further details outlined in Part 2).

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:

17/12/20

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

Decision required – supporting report

1. Introduction and background

- 1.1. On the 10 September 2018, MD2355 approved the submission of a Housing Infrastructure Funding (HIF) bid for the Docklands Light Railway (DLR) Amplified Growth Programme by the GLA.
- 1.2. Following detailed due diligence, the Ministry for Housing, Communities and Local Government (MHCLG) announced in October 2018 that £290.7m would be made available, subject to contract, to deliver the programme. Detailed funding terms have been set out in a tripartite Grant Determination Agreement (GDA) between the MHCLG, the GLA and TfL.
- 1.3. Although the HIF funding will be used by TfL for transport purposes, MHCLG's power to pay grant works on the basis that the funding is paid to the GLA, rather than directly to a Functional Body as defined by the GLA Act 1999 (which includes TfL). Therefore, the GLA will be the Grant Recipient but the funding will be provided on condition that the GLA transfers it to TfL forthwith. TfL will deliver the HIF Infrastructure and will be directly responsible to MHCLG for delivering the agreed infrastructure outputs.
- 1.4. The DLR Amplified Growth Programme will provide capacity enhancements on the DLR to facilitate the realisation of significant housing development opportunities in the London Boroughs of Newham and Tower Hamlets. Funding of £280.7m will deliver a range of interventions including:
 - additional rolling stock – up to 14 new trains to increase frequency in the DLR service on the Lewisham and Woolwich branches;
 - Beckton Depot – expansion of Beckton Depot including land assembly; and
 - Poplar works –enabling works and improved accessibility to the Canary Wharf Estate.
- 1.5. While this is seen as an integrated and complementary programme of investment, there is provision in the GDA to remove the enabling works at Poplar from the DLR HIF Scope if it cannot be demonstrated that the proposed Poplar development continues to be viable.
- 1.6. Under the original bid it was anticipated that £10m would be allocated to the provision of Thames Wharf station, however because of the interaction with the construction of the Silvertown Tunnel this element of the bid has been removed due to the risks around delivery within the requisite HIF timeframe. This is why the bid value has been reduced from the £290.7m initially anticipated to the £280.7m to be contracted.
- 1.7. These infrastructure improvements are expected to unlock over 12,000 homes across 15 sites, comprising the Poplar site owned by TfL and 14 sites in third party ownership. This will directly support housing and economic growth in the London Boroughs of Newham and Tower Hamlets.
- 1.8. MHCLG wish to ensure that any increase in land value or surplus fare revenue generated as a result of the HIF investment is captured and recycled into housing, or infrastructure that unlocks housing. To help achieve this aim, the GLA will seek to work with the London Boroughs of Newham and Tower Hamlets to identify and implement opportunities through the planning process to capture additional land value generated by HIF.
- 1.9. MHCLG also wishes to capture any revenue surplus generated through DLR fares as a direct result of the HIF investment. Under the terms of the GDA, the GLA will commit to allocate, at agreed intervals of approximately 25 years (to coincide with future DLR rolling stock replacement events) until 31 March 2078, an amount equivalent to any fare surplus generated by the HIF-funded Docklands Light Railway Amplified Growth Programme for housing or infrastructure that enables housing in London, the amount to be capped (in aggregate) at the value of the HIF funding paid by MHCLG to the GLA under the GDA, less the amount of value captured under associated arrangements in the GDA for land value capture set out in paragraph 1.8 above.

- 1.10. With regard to the housing outputs expected to be unlocked by the DLR infrastructure improvements (paragraph 1.4 above), the GLA and TfL must use reasonable endeavours to procure that the homes are delivered by the target dates set out in the GDA. The GLA has agreed monitoring arrangements with MHCLG and expenditure of up to £60k is required to provide the additional capacity necessary to carry out monitoring of the 14 housing sites in third party ownership expected to be brought forward for development, facilitated by the infrastructure investment. This budget expenditure would be spread unevenly across the 2020/21 – 2023/4 financial years as appropriate to resource the contractually obligated reporting requirements agreed within the GDA. Further detail on potential expenditure is included in Part 2 of this report.
- 1.11. MD2291 approved a budget to provide revenue funding for innovation and infrastructure schemes. This decision form proposes that the funding required to establish the baseline and monitoring arrangements for the 14 housing sites would be allocated from the innovation and infrastructure budget.
- 1.12. Further details regarding the GLA's obligations under the GDA and MoU are set out in Part 2 of this decision form.

2. Objectives and expected outcomes

Project description

- 2.1. The DLR Amplified Growth Programme will deliver an integrated and complementary programme of investment comprising:
 - up to 14 additional DLR trains to increase service frequency on the Lewisham and Woolwich branches. These trains are additional to TfL's Rolling Stock Replacement Programme and will support the following service improvements:
 - Lewisham branch: increasing train service capacity between Lewisham and Canary Wharf;
 - Woolwich branch: increasing train service capacity between Woolwich Arsenal and Canning Town and on the Woolwich Arsenal to Stratford International service;
 - Beckton Depot – expansion of Beckton Depot including land assembly to provide stabling for the additional rolling stock. The expanded depot will also enable trains to be temporarily relocated out of the Poplar DLR depot to facilitate a new housing development opportunity; and
 - Poplar works - enabling works at Poplar Depot to unlock an oversite development opportunity for new housing. Works will comprise of a reconfigured Poplar DLR station and depot with a deck over the station, and improved accessibility to the Canary Wharf Estate.
- 2.2. By providing an expected 33 per cent uplift in peak capacity on the DLR over and above the Rolling Stock Replacement Programme, the above investment is anticipated to unlock approximately 12,000 homes across 15 sites over the next 20 years. The housing sites are located within the Royal Docks and Beckton Riverside in the London Borough of Newham and the Isle of Dogs in the London Borough of Tower Hamlets. These are identified as Opportunity Areas within the Intend to Publish London Plan. Opportunity Areas are London's major source of brownfield land providing significant capacity for development including new homes and commercial floorspace where development is supported by existing and/or improved public transport access.

3. Equality comments

- 3.1. In September 2017, the GLA published an impact assessment, including an equalities impact assessment, of the London Housing Strategy. Policies related to increasing housing supply and delivering affordable housing, to which the Forward Funding HIF schemes will make a significant contribution, were also covered by the Integrated Impact Assessment (IIA) for the Draft London Plan, published in November 2017.

- 3.2. The IIA concluded the cumulative impact of these policies combined with policies for flexible housing mix, 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 different groups are taken into account in housing design.
- 3.3. Under section 149 of the Equality Act 2010, as public authorities, the Mayor and the GLA are subject to a public-sector equality duty and must have 'due regard' to the need to (i) eliminate unlawful discrimination, harassment and victimisation; (ii) advance equality of opportunity between people who share a relevant protected characteristic and those who do not; and (iii) foster good relations between people who share a relevant protected characteristic and those who do not. 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.
- 3.4. Throughout the decision-making process relating to the DLR HIF bid due regard has been – and will continue to be – paid to the 'three needs' outlined above. The housing shortage in London disproportionately negatively affects people with certain protected characteristics. Increasing the supply of affordable housing (by funding infrastructure to unlock additional housing supply) will help to achieve positive impacts for people in those impacted groups.
- 3.5. Public transport is also key to ensure the GLA can achieve positive impacts in line with the 'three needs'. By delivering additional capacity on the DLR line more people will be able to benefit from public transport. These improvements also unlock developments that will deliver significant levels of affordable housing, so will have a positive impact on protected groups who are more likely to live in affordable housing and travel by public transport.
- 3.6. Further, as set out in TfL's authority approval paper to their Programmes and Investment Committee: "The new train stock will be an improvement on the existing train design. On-board audio and visual information will be better than existing. In addition to wheelchair spaces, trains will have multi-use areas which will accommodate pushchairs and bicycles. As with the current DLR fleet, train-to-platform access will be compliant with the Rail Vehicle Accessibility (Non-Interoperable Rail System) Regulations 2020." TfL has undertaken an Equality Impact Assessment (EqIA) for the new DLR rolling stock and there were no adverse comments. The other workstreams of the DLR HIF Scope are in the early stages of the project lifecycle. As they progress through feasibility and design, the EqIA will be updated for the programme as a whole. GLA officers have reviewed the initial EqIA (2018) and are satisfied that it supports the Mayor's and the GLA's equality duties. This is currently being refined to cover the detailed design phase of the rolling stock. The updated EqIA will be reviewed in due course to ensure that it continues to support the Mayor's and the GLA's equality duties.

4. Other considerations

Key risks

Financial certainty for TfL funding

- 4.1. Due to the impacts of Covid-19 on the income and expenditure of TfL, at the time of signing the GDA TfL will be unable to commit to provide the funding for its base order of DLR trains as part of the rolling stock element of the HIF DLR programme. As this is a key dependency for the HIF funding, MHCLG and TfL/GLA have agreed to enter into the GDA on the condition that confirmation of TfL's 'financial certainty' is provided prior to any significant expenditure on the programme. MHCLG has also agreed to cover the cost of some historic and preliminary works at risk to allow time critical work to continue while TfL seeks the financial certainty it needs. Further details of the financial certainty concept are provided in part 2.

Housing sites not coming forward

- 4.2. The bid for funding was originally approved by MHCLG on the basis that it would deliver no less than 16,500 homes. However, this figure includes 4,500 homes at the Thameside West residential site

which are linked to the Thames Wharf Station project that has now been removed from the bid as set out in paragraph 1.6 above. Therefore, the GDA now includes an intention to deliver not less than 12,000 new homes in aggregate across the Poplar residential site and the 14 additional sites in third party ownership. A condition of funding is for the GLA to monitor and progress the delivery of the 14 additional sites in third party ownership. TfL is responsible for progressing delivery of the Poplar development and providing MHCLG with information as to the progress of the development.

- 4.3. There are some sites where processes to secure the necessary planning approvals have yet to commence and these may not come forward for some time. While this poses a risk to the wider project it is not a financial risk to the GLA as the GDA does not include any default clauses for non-delivery of the homes provided that the GLA uses reasonable endeavours to procure delivery of the housing outputs and meets its monitoring obligations.
- 4.4. As per paragraph 1.10 above, a revenue budget of up to £60k is sought in this Decision form to cover additional resources required to help carry out monitoring of the 14 housing sites. This would be spent across four financial years to provide the structure and resources needed to accurately monitor these issues.
- 4.5. Further risks are included in the Part 2 to this decision form.

Links to Mayoral strategies and priorities

- 4.6. The need to deliver new homes and improved public transport is recognised in the Intend to Publish London Plan, the Mayor's Housing Strategy and the Mayor's Transport Strategy. The London Plan also supports higher densities at sites with existing and planned public transport (policy D6). The Mayor's Housing Strategy supports investment in public transport infrastructure improvements to maximise the opportunity for new homes. The core MTS policy is for 80 per cent of all trips to be made by foot, cycle or public transport by 2041 (policy 1) and to deliver a 'Healthy Streets' approach (policy 10) across London. The housing sites are located within the Royal Docks and Beckton Riverside and the Isle of Dogs which are identified as Opportunity Areas within the Intend to Publish London Plan. Opportunity Areas are London's major source of brownfield land providing significant capacity for development including new homes and commercial floorspace where development is supported by existing and/or improved public transport access.
- 4.7. This project enables growth which supports the following Intend to Publish London Plan Good Growth policies:
 - building strong and inclusive communities (Policy GG1) by unlocking strategic developments that include good quality services and amenities that strengthen communities and address social isolation;
 - making the best use of land (Policy GG2) by prioritising higher density development on brownfield land, in Opportunity Areas, and on public sector land sites with good public transport connections;
 - creating a healthy city (Policy GG3) by promoting the Healthy Streets Approach and improving accessibility of public transport infrastructure to promote active lifestyles;
 - delivering the homes Londoners need (Policy GG4) by unlocking housing developments with an aim for all sites to deliver a minimum of 35% affordable housing in Tower Hamlets and Newham, using the Affordable Housing Viability Supplementary Planning Guidance where possible; and
 - growing a good economy (Policy GG5) by providing public transport access to key employment hubs as well as ensuring that sufficient high-quality affordable housing is provided.
- 4.8. There is also supportive borough level planning policy:
 - the Mayor of London, in partnership with Newham Council and Transport for London are preparing the Royal Docks and Beckton Riverside Opportunity Area Planning Framework (OAPF); and

- the Isle of Dogs and South Poplar Opportunity Area Planning Framework (OAPF) was adopted by the Mayor on 14 October 2019.

Consultations and impact assessments

- 4.9. During the development of the bid submission, GLA officers consulted with the London Boroughs of Newham and Tower Hamlets on the investment proposed in the bid and the sites which would be unlocked by the improvements in transport infrastructure. The Chief Executives of Newham and Tower Hamlets wrote to the Secretary of State for Communities and Local Government on 10 September and 30 August 2018, respectively, reaffirming their support for the GLA bid to the Housing Infrastructure Fund to seek funding support for the DLR Capacity Upgrade. Their letters underline the significance of the proposed investment for unlocking ambitious housing targets and supporting continued economic growth in their boroughs.
- 4.10. Where required, each element of this project will go through statutory consultation through the planning process. This will include written consultation with statutory bodies and local residents.

Declarations of interest

- 4.11. The officers involved in the drafting or clearance of this form do not have an interest to declare in accordance with the GLA's policy on registering interests which might, or might be seen to, conflict with this Mayoral Decision.

5. Financial comments

- 5.1. By entering the GDA to access the £281 million of HIF grant, delivery and cost overrun risk will be borne by TfL. However, the GLA is committing to allocate an amount equivalent to any surplus fare revenue generated as a result of the HIF investment towards housing, or infrastructure that unlocks housing, up to 31 March 2078. This is capped in aggregate at the value of the HIF grant funding paid by MHCLG less any amount of land value capture.
- 5.2. The removal of the Thames Wharf Station from the project means that the £10 million of HIF funding that had previously been allocated for that element will need to be identified from other resources should a future decision be progressed for the new station.
- 5.3. More commentary on these risks is included in Part 2 of this decision.
- 5.4. The £60,000 proposed for monitoring is funded from the existing Housing & Land revenue budget.

6. Legal comments

- 6.1. It is proposed that MHCLG will pay the HIF grant funding to the GLA pursuant to sections 31 and 32(2) of the Local Government Act 2003 (the LGA 2003) on condition that the GLA transfers any such funding which it receives to TfL. Where a grant paid under section 31 to the GLA is paid subject to such a condition, the Mayor must transfer the grant to TfL forthwith (section 32(4) of the LGA 2003).
- 6.2. The GLA is required under section 103 of the Greater London Authority Act 1999 (the GLA Act) to pay any HIF funding which it receives over to TfL. Section 103 provides that: "Where the Authority receives any grant or other payment made only for the purposes, or particular purposes, of a functional body, the Authority shall forthwith account for the grant or other payment to the functional body concerned and pay it over to that body."
- 6.3. The GLA's proposed obligations with regard to procuring housing delivery, working with the London Boroughs of Newham and Tower Hamlets to capture additional land value generated by the HIF funding and the allocation an amount equivalent to any fare surplus generated by the HIF-funded DLR infrastructure for housing – or infrastructure that enables housing – in London 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 of the GLA's principal purposes of: promoting economic and social development in Greater London and improving the environment in Greater London. The foregoing sections of this report indicate that it is open to the Mayor to take the view that these actions will promote economic and social development in Greater London.

- 6.4. 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: furthering the other statutory purposes of the GLA so far as reasonably practicable to do so; 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;
 - (ii) exercise the power in the way which it considers best calculated to promote: improvements in the health of persons in Greater London; the reduction of health inequalities between persons living in Greater London, and to contribute towards the achievement of sustainable development in the United Kingdom, and the mitigation of, or adaptation to, climate change in the United Kingdom (sections 30(3-5) of the GLA Act);
 - (iii) consult with such persons or bodies as considered appropriate in this particular case (section 32 of the GLA Act); and
 - (iv) pay due regard to the principle that there should be equality of opportunity for all people (section 33 of the GLA Act).

7. Planned delivery approach and next steps

Activity	Timeline
Enter into the Grant Determination Agreement	December 2020
Deadline for confirmation of funding for Base Order	31 July 2021
HIF funded works complete	March 2024
Total homes unlocked	By 2040

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: Until the Grant Determination Agreement between GLA, TfL and MHCLG has gone unconditional and the Base Order has been confirmed.

Until what date: 31 July 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:

Michael Payton & Judith Carlson have drafted this report in accordance with GLA procedures and confirm 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 14 December 2020.

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

D. Gane

Date

17 December 2020

CHIEF OF STAFF:

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

Signature

D. Bellamy

Date

14 December 2020