

GREATER **LONDON** AUTHORITY

REQUEST FOR DIRECTOR DECISION – DD1374

Title: Build Your Own Home the London Way – Community Right to Build New Project Approvals

Executive Summary:

To give the Executive Director the opportunity to review and approve new funding proposals under the *Build Your Own Home - the London Way* programme. The two proposals within this paper are part of the *Community Right to Build* stream and represent a continuation of activity in the programme.

Decision:

The Executive Director approves:

- A grant of up to **£150,000** to **Kingsley Hall Church and Community Centre (KHCCC)** to prepare a Planning Application to redevelop their existing community halls into a purpose-designed, fully inclusive and accessible community centre and church facility.
- A grant of up to **£54,000** to **St. Michael's Centre** to prepare a Planning Application to redevelop their existing two-storey Victorian building into a day nursery for the local community; a revitalised and more appropriate leisure or teaching space for their existing youth club; two affordable housing units and one market value housing unit.

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: David Lunts

Position: Executive Director of Housing and Land

Signature:



Date:

07/09/15

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1. The GLA is already in contract with a number of good quality projects as part of the *Build Your Own Home - the London Way* programme, which is comprised of two funding streams: (1) a £5 million pot of capital (loan) funding for Custom Build projects; and (2) a £3 million pot of revenue (grant) funding for Community Right to Build projects.
- 1.2. This paper seeks revenue funding approval for a further two Community Right to Build projects: (1) Kingsley Hall Community and Church Centre based in Becontree; and (2) St Michael's Centre based in Fulham. Details of each proposal, the method of assessment undertaken and any key considerations including legal and finance comments are provided within this paper.
- 1.3. The delegation process for the aforementioned projects has taken much longer than usual. Both community organisations submitted applications for Community Right to Build funding back in December 2014, prior to the final bidding deadline of 2 January 2015. The original long-stop date for Community Right to Build projects to complete was 31 March 2015. However, agreement to extend this to 31 March 2016 was obtained from SMT on 10 November 2014. As a consequence of these applications being received so close to the original longstop date, a review of the remaining budget was required in order to determine whether there would be sufficient grant funding available to proceed.
- 1.4. Both community organisations intend to use their grant funding to develop traditional Planning Applications up to the point of submission. The GLA's funding was originally restricted to community groups seeking to develop a Community Right to Build Order. However, DCLG later extended the funding to community groups seeking to pursue the traditional Planning Application route.

2. Objectives and expected outcomes

Community Right to Build Programme: **Kingsley Hall Community and Church Centre (KHCCC)**

- 2.1. KHCCC is a church and community centre and registered charity based in Becontree in the London Borough of Barking and Dagenham (<http://www.khccc.com/>). They currently provide a range of activities for the local community, which includes essential services for the isolated elderly. KHCCC also host a range of projects delivered by partner agencies and local authority providers, which include Arc educational theatre company, Phab inclusions for people with disabilities, local faith groups, AA and LBBB Fostering.
- 2.2. KHCCC is seeking £150,000 in grant funding to support the development and submission of a traditional Planning Application. The proposal is to redevelop the existing community halls into a purpose-designed, fully inclusive and accessible community hub and church facility. This will support KHCCC's ambition to contribute to local community transformation by providing services to all local people and, in particular, to those from disadvantaged backgrounds or who have disabilities.
- 2.3. As it is not a condition of programme funding, KHCCC is not currently proposing to deliver any housing units with this application. However, they would seek to use some grant funding to explore whether the best option is to rebuild or refurbish their existing facilities, and to identify whether

there is potential to provide new housing, of which a proportion would be affordable, or services to meet local needs.

- 2.4. The site has good transport links, including five local bus routes, and two underground stations (Dagenham Heathway and Becontree), both of which are within twenty minutes walking distance.
- 2.5. The only restriction of planned land use on the proposed site is that it is subject to covenants that were placed on the land when it was given by the London County Council to the church when the site was originally developed. The land uses will be maintained and expanded, so there should be minimal conflict with the existing covenants.
- 2.6. The Area Team has assessed the application in terms of value-for-money and confirms that costs are reasonable and clearly associated with the process of obtaining a Planning Permission.
- 2.7. As noted in item 4.7 of this paper, KHCCC will be able to complete their Community Right to Build project prior to the programme's long-stop date of 31 March 2016.
- 2.8. The GLA has assessed KHCCC's funding application in accordance with the assessment process summarised in items 4.3 to 4.7. KHCCC demonstrated in their funding application that they: are an incorporated body; have engaged and consulted with the local community; have secured a legal interest in the land identified; have access to appropriate expertise; have met the requirements of the Localism Act 2011; and are not requesting more than 90% of the expected costs to achieve a Planning Application. As KHCCC is seeking a traditional Planning Permission instead of a Community Right to Build Order, there is no requirement for them to designate a 'neighbourhood area'.

Community Right to Build Programme: **St. Michael's Centre**

- 2.9. St. Michael's Centre is a youth club and registered charity based in Fulham in the London Borough of Hammersmith and Fulham (www.stmichaelsfulham.org). Their goal is to equip people with skills for life within a positive and nurturing community. They currently provide a range of activities to the local youth community, which focus on education, health and fitness, recreation and relationship building.
- 2.10. St Michael's Centre is seeking £54,000 to support the development and submission of a traditional Planning Application. Initial feasibility work indicates that their existing two-storey Victorian building can be remodelled to deliver a nursery for the local community, a revitalised and more appropriate leisure or teaching space for their youth club, two affordable housing units and one market value housing unit. The market value unit is likely to be sold to fund a significant proportion of the overall project costs.
- 2.11. There are large pockets of social deprivation within the area of Fulham. With Community Right to Build grant funding, St Michael's Centre aims to expand, and provide support services to local people living in deprivation.
- 2.12. There is no restriction on planned land use. The site is owned by the Church of England, who lease the property to St Michael's Centre. The Church of England is supportive of this proposal.
- 2.13. The Area Team has assessed the application in terms of value-for-money and confirms that costs are reasonable and clearly associated with the process of obtaining a Planning Permission.
- 2.14. As noted in item 4.7 of this paper, St Michael's Centre will be able to complete their Community Right to Build project prior to the programme's long-stop date of 31 March 2016.

2.15. The GLA has assessed the funding application for St Michael's Centre in accordance with the assessment process summarised in items 4.3 to 4.7. St Michael's Centre demonstrated in their funding application that they: are an incorporated body; have engaged and consulted with the local community; have secured a legal interest in the land identified; have access to appropriate expertise; have met the requirements of the Localism Act 2011; and are not requesting more than 90% of the expected costs to achieve a Planning Application. As St Michael's Centre is seeking a traditional Planning Permission instead of a Community Right to Build Order, there is no requirement for them to designate a 'neighbourhood area'.

3. Equality comments

3.1. The likely potential equalities impacts of this decision have been considered having regard to the most recent iteration of the Mayor's Equalities Framework, Equal Life Chances for All, agreed in June 2014 under MD1349. This decision will not materially alter the likely potential impacts of the previous decisions (MD1018) on those with protected characteristics. These decisions were made having regard to previous iterations of the Mayor's Equalities Framework and implement Mayoral strategies, notably those relating to housing, planning and economic development that have themselves been subject to equalities impact assessment.

4. Other considerations

Links to Mayoral Strategies and Priorities

- 4.1. Mayoral Decision no. 1018 delegated the approval of the guidance for assessment and the approval of individual bids and funding agreements to each of the following: the Deputy Mayor for Housing Land and Property, the Executive Director of Housing and Land, and (in relation to the funding agreements only) the Executive Director of Resources. This paper therefore has approval to proceed as a Director's Decision rather than a Mayoral Decision.
- 4.2. As with any funding programme there is a risk of insolvency, fraud or misappropriation. This is mitigated by paying the funding in arrears following the achievement of each relevant milestone and evidence of appropriate expenditure.

Summary of Assessment Process: Community Right to Build guidance

- 4.3. As the funding is paid at each milestone in arrears, and the individual amounts of funding are expected to be small, detailed financial due diligence on Community Right to Build applications is not necessary.
- 4.4. The Community Right to Build assessment process recognises the aim of the programme to help enable community organisations and the likely small levels of funding involved. All bids are assessed against eight eligibility criteria, which assess that the applicant meets or will meet within appropriate time requirements:
- To be an incorporated body,
 - community engagement,
 - identified land, interest in land,
 - within a designated Neighbourhood Area,
 - appropriate expertise,
 - community group meeting Localism Act 2011 requirements and
 - the funding is no more than 90% of the required costs of obtaining a Community Right to Build Order or traditional planning permission.

- 4.5. Originally proposals had to pass all of the above requirements. However, since it was agreed that groups had the option of submitting a Planning Application or a Community Right to Build Order, the requirement to be part of a Neighbourhood Area was relaxed.
- 4.6. In addition, Housing and Land assess the application in terms of value-for-money to ensure that the estimated costs are reasonable and clearly associated with the process of obtaining a Community Right to Build Order or traditional planning permission.
- 4.7. It should also be noted that SMT approval was achieved on 10 November 2014 to extend the Community Right to Build programme by 12 months to 31 March 2016 to allow existing projects to complete and close the programme to new bidders on 30 January 2015. Both of these Community Right to Build projects, which applied for funding prior to the bidding close date, will complete prior to 31 March 2016.

5. Financial comments

- 5.1. Issue of grant funding totalling £204,000 for planning application and feasibility for two separate Community Right to Build Projects can be funded from budget available for that programme.
- 5.2. Total Community Right to Build funding received from DCLG is £3,000,000, of which £1,344,716 has been committed to projects via previous decision making.
- 5.3. The grant payments will be made in arrears based on evidence that milestones have been met and evidence of the expenditure submitted.
- 5.4. The Investments and Operations Unit within Housing and Land will be responsible for managing this spend.

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), of the GLA Act are:

- (1) promoting economic development and wealth creation in Greater London;
- (2) promoting social development in Greater London; and
- (3) promoting the improvement of the environment in Greater London

and, in formulating the proposals in this report, officers confirm they have complied with the GLA's related statutory duties to:

- pay due regard to the principle that there should be equality of opportunity for all people;
- consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom; and
- consider consulting with appropriate bodies.

- 6.2. Previously the GLA was prohibited from using this general power to incur expenditure in providing any housing. This prohibition was, however, removed by section 186 of the Localism Act 2011, which came into effect on 1 April 2012.

- 6.3 Given the above, Section 34 of the GLA 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) and the Mayor's powers (under Section 38 of the GLA Act) to delegate to any GLA member of staff functions of the GLA that are exercisable by him, the foregoing sections of this report indicate that the Executive Director of Housing and Land has the power to agree to the decisions set out above.
- 6.4 Officers must ensure that the Community Right to Build funding is distributed fairly, transparently in accordance with GLA's equalities policies and in a manner which affords value for money in accordance with the Contracts and Funding Code.
- 6.5 Further, officers must ensure that:
- 6.5.1 GLA funding is not used for any activities or overheads incurred in respect of activities for which recipients charge and a clear operational limit is placed on their use of funds for the administration of the relevant project in this regard;
 - 6.5.2 the recipient is required to have a separate account for the receipt and use of GLA funding or, if this is not possible, that they show the funding and related expenditure as a restricted fund in their accounts under a clear identifier, e.g. "GLA community right to buy funding";
 - 6.5.3 the funding agreements are established in a way that is compliant with state aid and any award by the recipient of funding to sub-recipients (if permitted) under the funding project is made in accordance with EU "de minimis" principles;
 - 6.5.4 to the extent that the GLA funding is to be used by the recipient for the purchase of services, supplies or works, such services, supplies or works are procured competitively in accordance with public sector procurement principles; and
 - 6.5.5 the appropriate funding agreement is put in place and executed by the GLA before any commitment to fund is made.

7. Planned delivery approach and next steps

- 7.1 Upon approval, the Area Team will progress these projects via entering into contract and ensuring delivery within agreed timescales. The cost of entering into legal contract will be met from within the programme budgets.

Activity	Timeline
Entry into contract	31 August 2015
Delivery Start Date	15 September 2015
Delivery End Date	On or prior to 31 March 2016
Project Closure:	On or prior to 31 March 2016

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

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:

Eleanor Byrne and Marianne Danielewicz have drafted this report in accordance with GLA procedures and confirm that:

✓

Assistant Director/Head of Service:

Nick Taylor 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.

✓

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

M. D. L. L. L.

Date

2.9.15

