

GREATER **LONDON** AUTHORITY

REQUEST FOR DIRECTOR DECISION – DD2280

Affordable Homes Programme 2016-2021 – The Mayor's Innovation Fund Cornerstone Foster Care – Demonstration Phase 1

Executive Summary:

This decision approves an initial £78,930 of facilitation grant to Cornerstone Training and Support Limited to develop an initial demonstration phase of a housing solution to the serious shortage of foster placements across London, by adapting homes to make additional rooms for foster care. This funding will be drawn from the Mayor's Homes for Londoners Affordable Homes Programme Innovation Fund.

There is an ambition to greatly expand the project in later phases, which will be subject to subsequent approvals.

Decision:

That the Executive Director of Housing and Land approves:

Grant funding of £78,930 to Cornerstone Training and Support Limited for the Demonstration phase part 1 of its Innovation Fund bid to facilitate the delivery of additional rooms for foster care.

AUTHORISING DIRECTOR

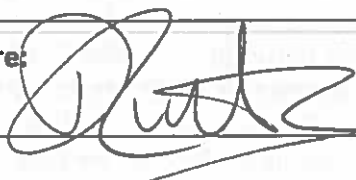
I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.

It has my approval.

Name: David Lunts

Position: Executive Director of Housing and Land

Signature:



Date: 10.10.18

PART I – NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1. MD2125 was signed on 13 June 2017 and approved a total programme budget of £3.25bn for the Homes for Londoners: Affordable Homes Programme 2016-21. MD2282, signed on 2 May 2018, increased this budget to £4.92bn.
- 1.2. MD2125 noted that part of this budget would be used for the Innovation Fund, as described in the Funding Guidance for the Homes for Londoners: Affordable Homes Programme 2016-21, published on 29 November 2016. The Funding Guidance invited providers to submit proposals which sought to deliver affordable housing using GLA investment in innovative ways. A template 'Expression of Interest' (EOI) form was published on 2 December 2016 and providers were invited to complete and return the form by the closing date of 13 April 2017.
- 1.3. The Expression of Interest (EOI) submitted by Cornerstone Training and Support Limited (Cornerstone), a specialist training and development organisation that operates in children's social care, was assessed according to the criteria for the Innovation Fund, as set out in the Homes for Londoners: Affordable Homes Programme 2016-21 Funding Guidance and carried forward into a due diligence phase.
- 1.4. Cornerstone has bid for grant funding to assist in increasing the provision of fostering places because a significant number of looked-after children from Greater London are currently unable to be placed with foster carers in the Greater London area (close to their family, educational and friendship networks). A material contribution to this situation is that some Londoners willing to be foster carers live in housing which is not large enough for them to host a looked-after child.
- 1.5. Cornerstone has therefore proposed a programme which seeks to identify potential foster carers (with such unsuitable housing) and use public funding to enable works to make their homes suitable for hosting a looked-after child. The emphasis will be on homes belonging to the London Boroughs or to registered providers, but exceptionally the London Boroughs could allocate the funding for works to homes owned by the foster carers if they have an approved foster care placement.
- 1.6. The Demonstration phase seeks to implement a methodology to demonstrate whether such a programme would contribute to enabling more looked-after children to remain in Greater London.
- 1.7. It is proposed that the scheme will operate across three distinct phases:
 - **Demonstration phase** – Cornerstone's initial proposal was that four Boroughs would take part in the Demonstration phase to deliver up to 30 adapted properties. It is now proposed that this phase is divided into two parts. Under part 1, £78,930 of facilitation grant will be provided to Cornerstone to assist it in developing the scheme with London Boroughs. Subject to a further decision, part 2 (under which GLA funding for capital works will be provided) would start when at least one Borough and Cornerstone sign a facility grant agreement to adapt at least one named property for a named foster carer (i.e. at least one named project is in place at the time of its signing).
 - **Pilot phase** – This will accelerate the scheme across six Boroughs within a defined time-period and to deliver up to 60 adapted properties.
 - **Main phase** – The scheme will look to operate across a further sixteen Boroughs to deliver up to 230 adapted properties, to create 320 additional rooms in total for foster care across the three phases.
- 1.8. The grant funding (both the facilitation grant paid to Cornerstone and the capital works grant paid to the relevant Borough) for each of the phases will be repaid by the Boroughs by 1 April 2026, with

funds saved from the lower cost of placing looked-after children with foster carers in adapted homes in Greater London rather than using Independent Fostering Agencies.

2. Contractual Details

- 2.1. There will be a separate facility grant agreement for part 1 and part 2 of the Demonstration phase and for each of the subsequent two phases. The facility grant agreement for part 1 of the Demonstration phase will be between the GLA and Cornerstone and provide the facilitation grant. The other facility grant agreements will be multilateral (between the GLA, Cornerstone and the relevant London Boroughs) and deal with two separate elements; facilitating the scheme, for which a facilitation grant will be paid to Cornerstone for delivering the facilitation obligations following each named project, and financially supporting the Boroughs for the capital works to deliver the adapted properties.
- 2.2. For part 1 of the Demonstration phase, the facility grant agreement will require Cornerstone to repay the facilitation grant of £78,930 unless either: (a) this repayment obligation is subsequently assumed by one or more London Boroughs under part 2 of the Demonstration phase or; (b) the innovation fails (i.e. no Boroughs sign up to part 2 of the Demonstration phase). If the scheme fails due to a breach by Cornerstone then the GLA will receive the full amount of grant back from Cornerstone, i.e. £78,930 plus interest. The GLA is therefore taking risk in relation to its initial grant of £78,930 for a scheme failure but not a failure by Cornerstone to complete its roles and responsibilities. As an innovative proposal to address a specific housing need in London it is felt that this risk is appropriate.
- 2.3. In the Demonstration phase part 1, for which approval is sought under this Director Decision paper, drawdown of the £78,930 facilitation grant (i.e. 50% of the overall Demonstration phase facilitation grant – see paragraph 3.3 below) will be subject to entry into a facility grant agreement between Cornerstone and the GLA, and the provision of a compliance letter by Cornerstone (see paragraph 5.3 below) and a letter of intent from a London Borough (see paragraph 2.4 below).
- 2.4. For the demonstration, pilot and main phase funding, Cornerstone must show to the GLA that there is commitment to the fund by the London Boroughs. This shall be in the form of a letter of intent from a Senior Officer of the London Borough to the GLA.

3. Objectives and expected outcomes

- 3.1. It is proposed that the GLA provides repayable grant funding to Cornerstone pursuant to the Mayor's Homes for Londoners Affordable Homes Programme 2016-2021 to facilitate the delivery of certain projects to expand the provision of homes (and the ability of individuals and families) in Greater London which are suitable for fostering children subject to and in accordance with the terms of a facility grant agreement.
- 3.2. For state aid purposes, the GLA has received legal advice that the Demonstration Phase constitutes a social service of general economic interest in relation to the care of children and to social and affordable housing.
- 3.3. Approval is sought under this Director Decision paper for the grant of £78,930 to Cornerstone, namely for 50% of the facilitation grant under the Demonstration phase. The Demonstration phase part 1 will not deliver any adaptations itself but will prepare the case for the Demonstration phase part 2, which will. Subject to further decisions, Cornerstone's total bid for GLA funding (by way of repayable grant) is as follows:

Phase	Cornerstone Facilitation Grant	Capital (and target number of adaptations)	Number of London Boroughs
Demonstration phase (Part1 – this decision)	£157,860 (£78,930)	£900K (30)	4
Pilot	£500,000	£1.8m (60)	6
Main	£592,678	£7.55m (230)	16

Total	£1,250,538	£10,249,462	25
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3.4. Proposed outputs (from all three phases):

- a) 320 additional rooms for fostering placements (average of 12.8 rooms per London Borough for the 25 expected Boroughs, which may mean between 10-13 adaptations per Borough given some may create 2 rooms).
- b) Provision of additional fostering capacity by extending foster carer approvals and capacity by 128 places.

3.5. Cornerstone and London Borough obligations:

- c) Minimum bedroom space standards from the latest London Plan at the time of design and construction of the additional room.
- d) Cornerstone's facilitation obligations and the mutual co-operation obligations of Cornerstone and the London Boroughs participating in the scheme, which include the scheme's development, pre-grant award systems, processes and support to the Boroughs, grant award and early stage monitoring, and post-award monitoring and reporting.

3.6. The facility grant agreement for part 1 of the Demonstration phase, which has been negotiated with Cornerstone (with external legal advice), is bespoke to this scheme. Approval for the funding of this scheme is sought therefore through a Decision form by the Executive Director of Housing & Land and in line with the Mayoral Decision Making (scheme delegation) at the GLA. The Mayoral decision-making framework paragraphs 18.1-18.2 (rules concerning the Affordable Homes Programme) apply.

4. Equality comments

4.1. 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.

4.2. 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.

4.3. The housing shortage in London disproportionately affects people with certain protected characteristics. Increasing the supply of rooms for foster care will help to achieve positive impacts in line with the 'three needs'.

4.4. The allocation of the funding is from the Homes for Londoners: Affordable Homes Programme 2016 – 21 Innovation Fund and is aimed at implementing the Mayor's policies set out in the London Housing Strategy. In September 2017, 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 scheme will contribute, were also covered by the Integrated Impact Assessment (IIA) for the Draft London Plan, published in November 2017.

4.5. The IIA concluded that 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 diverse groups are considered in housing delivery and design.

- 4.6. Using the Innovation Fund for the adaption of homes to make additional rooms for foster care, will help to achieve the outcomes of affordable accessible decent homes, child poverty reduction and healthy childhoods highlighted as priorities in 'The Mayor's Vision for a Diverse and Inclusive City' (June 2017) and 'Inclusive London The Mayor's Equality, Diversity and Inclusion Strategy' (May 2018), through the creation of additional fostering capacity by extending foster carer approvals and capacity, and by the provision of additional rooms for fostering across Greater London.

5. Other considerations

- 5.1. The counter-party to the facility grant agreement for part 1 of the Demonstration phase is Cornerstone Training and Support Limited.
- 5.2. The customer due diligence process under the Anti-Money Laundering Policy has been completed against the counter-party, and those parties with a beneficial interest in it, and no areas of concern have been highlighted through that process.
- 5.3. Cornerstone has been asked to provide a compliance letter to claim the facilitation grant under part 1 of the Demonstration phase, confirming that each condition precedent specified in the facility grant agreement has been satisfied, that it knows of no reason why any condition specified in the agreement will not be so satisfied, that it has complied with each representation and warranty specified in the agreement, and that the facilitation grant will be used to meet certified facilitation expenditure. This is to be supported by evidence and the expected timetable for the facilitation outcomes.

6. Financial comments

- 6.1. This decision requests approval of the payment of 50% of the facilitation grant for the Demonstration phase to Cornerstone; being £78,930.
- 6.2. The payment may not be recovered if the scheme at Demonstration stage does not succeed.
- 6.3. The payment will only be made if the facility grant agreement between Cornerstone and the GLA has been agreed and a letter of intent is received from at least one London Borough.
- 6.4. The payment will be returned by Cornerstone if the scheme fails because of a breach by Cornerstone.
- 6.5. The payment will be assumed by the London Boroughs and repaid by them if the scheme progresses beyond the Demonstration phase stage 1.

7. Legal comments

- 7.1. Detailed legal comments in respect of the Affordable Homes Programme 2016-21 (including the Innovation Fund) are set out in MD2125.
- 7.2. Under section 30(1) of the Greater London Authority Act 1999 (as amended) ("GLA Act"), the GLA has the power to provide the funding for this foster care project provided that doing so will further one or more of its principal purposes of: promoting economic development and wealth creation, social development, and the improvement of the environment in Greater London. The project aims to increase fostering capacity and the number of rooms available for fostering within Greater London, helping to keep looked-after children close to their family, educational and friendship networks, and it is open to the GLA to take the view that funding it will promote social development, and is therefore within its power contained in section 30(1) of the GLA Act.
- 7.3. In exercising the power contained in section 30(1) of the GLA Act, the GLA must have regard to the matters set out in sections 30(3-5) and 33 of the GLA Act, and also the Public Sector Equality Duty in

section 149 of the Equality Act 2010, which are explained in paragraph 6.3 of the legal comments of MD2125. As noted in section 4 above, 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 this project will contribute, were also covered by the Integrated Impact Assessment (IIA) for the Draft London Plan, published in November 2017. It is also noted in section 4 that the adaptation of homes to make additional rooms for foster care through the Innovation Fund will help to achieve the outcomes of affordable accessible decent homes, child poverty reduction and healthy childhoods under “The Mayor’s Vision for a Diverse and Inclusive City” (June 2017) and “Inclusive London The Mayor’s Equality, Diversity and Inclusion Strategy” (May 2018).

- 7.4. In addition to the above, where the GLA is proposing to use the power conferred in section 30(1) of the GLA Act, the GLA must consider consulting in accordance with section 32 of the GLA Act. The GLA has engaged with Cornerstone in relation to the project which is the subject of this Director Decision. GLA officers have confirmed it is not considered necessary or appropriate for the GLA to consult with any other persons or bodies including those specified in section 32(2) of the GLA Act for the purposes of this Director Decision.
- 7.5. External lawyers have advised GLA officers in relation to the form of facility grant agreement between the GLA and Cornerstone.

8. Planned delivery approach and next steps

- 8.1. The next step, subject to this decision, is to enter into the Demonstration phase part 1 facility grant agreement under which Cornerstone will develop the scheme and the methodology referred to in paragraphs 1.6 and 1.7 above, by working with the London Boroughs to the point where a Demonstration phase part 2 facility grant agreement can be completed and the outputs for that phase delivered. The funding under the Demonstration phase part 2 and the Pilot and Main phases will be subject to further decisions.
- 8.2. Provided the obligations for the Demonstration phase are met, Cornerstone should then facilitate the scheme with the London Boroughs through the Pilot phase and then the Main phase to deliver the following anticipated outputs.

Outputs: Starts

Phases	2018/19	2019/20	2020/21	Total
Demonstration (part 2)	30	0	0	30
Pilot	60	0	0	60
Main	0	150	80	230
	90	150	80	320

Outputs: Completions

Phases	2019/20	2020/21	2021/22	Total
Demonstration (part 2)	30	0	0	30
Pilot	60	0	0	60
Main	0	150	80	230
	90	150	80	320

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? NO

If YES, for what reason:

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

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 - NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to
confirm the
following (✓)

Drafting officer:

Peter Carney, Housing Transactions Manager has drafted this report in accordance with GLA procedures and confirms the following:

✓

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.

✓

Financial and Legal advice:

The Finance and Legal teams have commented on this proposal, and this decision reflects their comments.

✓

Corporate Investment Board

This decision was agreed by the Corporate Investment Board on 8 October 2018.

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

M. J. Elce

Date

9.10.18

