

## REQUEST FOR MAYORAL DECISION – MD1481

### Title: Housing Zones – Financial Transaction

#### Executive Summary:

The Mayor is asked to agree to the GLA (and or GLA Land and Property (“GLAP”)) receiving up to £200m of funding from the Department for Communities and Local Government (“DCLG”) and administering the funding to unlock and accelerate housing delivery through the Mayor’s Housing Zones programme. In total 20 Housing Zones are expected to deliver approximately 50,000 homes by 2025. The GLA will be required to use this funding and repay DCLG in line with the terms contained in Part 2 of this paper, and in accordance with a final agreement with DCLG to be agreed to and entered into by the Executive Director – Resources, under delegated authority conferred Mayoral Decision and, where applicable, GLAP.

#### Decision:

That the Mayor :

- approves the GLA (and, if agreed to by DCLG and where applicable, GLAP) receiving up to £200m of repayable capital funding from DCLG, in the form of a Financial Transaction, and administering the funding to unlock and accelerate housing delivery through the Mayor’s Housing Zones programme;
- approves the GLA (and, if agreed to by DCLG and where applicable, GLAP) entering into a contractual agreement with DCLG to receive, use and repay the funding in line with the substance of the proposed main terms of the agreement contained in the confidential Part 2 section of this paper; and
- delegates authority to the Executive Director – Resources to agree and enter into the contractual agreement with DCLG by signing the agreement (and without the need for a Director Decision Form), providing the terms of the agreement are in line with the substance of the proposed main terms of the agreement contained in the confidential Part 2 section of this paper and to do all things necessary or desirable to facilitate the implementation and operation of the matters referred to in this Mayoral Decision.

#### 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:**

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

### **Decision required – supporting report**

#### **1. Introduction and background**

##### Housing Zones in London

- 1.1. The Mayor's Housing Strategy set out plans to create a number of "Housing Zones" to boost housing supply in London. It also identified that a range of planning and financial measures would be used in these areas to unlock and accelerate housing delivery and to build more homes that are affordable for working Londoners.
- 1.2. In line with MD1366, the Housing Zone Prospectus was launched by the Mayor and the Chancellor of the Exchequer on the 13<sup>th</sup> of June 2014 with proposals to deliver 20 Housing Zones across London. Over ten years these Housing Zones should deliver up to 50,000 homes, including supporting 250,000 Londoners into low cost home ownership, through part-rent, part-buy, with 6,000 affordable homes being delivered between 2015 and 2018.
- 1.3. To support these aims, up to £400m has been made available. £200m is available from existing GLA housing budgets. The other £200m is the repayable funding from DCLG to the GLA, which is the subject of this paper and is explained below.
- 1.4. The first nine Housing Zones in London were announced on 20 February with indicative allocations of £262m to deliver 28,000 homes in Tottenham; Heart of Harrow; Southall; New Bermondsey; Hounslow Town Centre; Abbey Wood & South Thamesmead; Royal Borough of Greenwich; Barking Town Centre; Clapham Junction. £124.7m of the funding already announced will come from the £200m loan funding covered by this paper.

##### DCLG Funding to the GLA

- 1.5. Through the London Growth Deal, Government has confirmed £200m of funding to assist in delivering the proposed Housing Zones, in order to maximise opportunities accelerating housing supply to meet London's acute housing needs. This Government funding is in the form of a fully recoverable loan, which Government has used to fund a number of housing and regeneration programmes since 2011, including programmes operated by the Homes and Communities Agency ("HCA") nationally (and by the HCA under delegated authority from the GLA).
- 1.6. The proposed £200m funding from DCLG is in the form of a loan and in order for the GLA to receive the funding it will be required to enter into a contractual funding agreement with DCLG committing to use the funding for onward lending only for the set purposes for which it is provided, to only lend to organisations classified as private sector and to fully repay the money according to a repayment schedule.
- 1.7. The GLA (and, if agreed to by DCLG and where applicable, GLAP) will use the loan funding in accordance with these requirements, and the Mayor's approval to use this money to fund specific Housing Zones will be sought in separate Mayoral Decisions. The GLA will use the funding primarily to provide interest bearing loans to private sector organisations to accelerate or unlock delivery of housing within Housing Zones. All Housing Zones will be required to deliver agreed elements of affordable housing. The GLA will only lend to private sector organisations which it is confident will be able to repay the funding independently of the project in question and, which, following detailed appraisal and due diligence, have been assessed as to creditworthiness (which includes

Private Registered Providers of Social Housing but not London Boroughs or subsidiaries which sit on their balance sheets).

- 1.8. An alternative type of funding that the GLA may make available under the Housing Zone programme will be 'value-linked-loans,' which will be assessed and offered on a case-by-case basis. Bidders for such funding will be required to specify the proportion of the development costs to be met by private borrowing and the proportion from their own equity. The GLA could fund up to the equity amount invested by the provider itself and share in any returns after repayment of private borrowing on a basis proportionate to its financial input. The amount to be repaid to the GLA would therefore be linked to changes in development viability and need to be considered in line with repayment commitments to DCLG (see Part 2 for more information).
- 1.9. It is envisaged that the terms of the final agreement will be agreed by officers before Parliament dissolves on 30<sup>th</sup> March 2015. Accordingly, the Mayor is asked to approve the GLA entering into the contractual agreement in line with the substance of the proposed main terms of the agreement contained in Part 2 of this paper; and is also asked to delegate authority to the Executive Director – Resources to agree and enter into the contractual agreement with DCLG, providing the agreement is in line with the substance of the proposed main terms of the agreement contained in Part 2; and to do all things necessary or desirable to facilitate the implementation and operation of the matters referred to in this Mayoral Decision.
- 1.10. There may be some GLA funding under the Housing Zones programme where, for state aid purposes, the funding would be provided on a commercial basis and would be required in law to be loaned by GLA Land and Property Limited ("GLAP"), as opposed to the GLA. The Mayor is asked to agree to GLAP entering into a contractual agreement with DCLG to receive, use and repay the funding in line with the substance of the proposed main terms of the agreement contained in Part 2 of this paper. Any single GLA Company Director of GLAP will be permitted to sign and execute the contractual agreement with DCLG for and on behalf of GLAP, further to section 4 of the Mayoral Scheme of Delegation.

#### Additional Support

- 1.11. In November 2014 the GLA, HCA and DCLG concluded a joint review of the GLA's ability to manage Financial Transactions. A summary of this joint review entitled "Devolving Financial Transactions in London" is attached at Appendix 1. The review concluded that the GLA has the capability to manage Financial Transactions such as these but that it needs to expand its staffing and other resource capacity to ensure the programme is managed effectively.
- 1.12. It is expected that the GLA will designate up to 20 Housing Zones. Initial work on the Housing Zone bid submissions indicates each zone is requesting, on average, 5-8 individual financial interventions, each of which would require an individual contract. This represents the potential for between 100 and 160 individual contracts.
- 1.13. External consultants have been appointed to undertake detailed due diligence of proposals, and external lawyers have been appointed to undertake both due diligence appraisals of individual interventions, advise on state aid, and to draw up initial contracts and templates.
- 1.14. However, recognising the substantial number of contracts required and the lack of existing capacity within Investment and Operations Area Teams, the joint review has recommended that the GLA puts in place both a small contracting team and additional wider resources within Housing and Land and additional resource in Finance in order to take forward these proposals.
- 1.15. As detailed in Part 2 of this paper, DCLG have agreed for a proportion of the interest accrual within the Housing Zones to be retained by the GLA in order to help support the programme. It is anticipated that a portion of this funding will be used to fund the support of its external

consultants, additional capacity in the Housing and Land directorate and additional capacity in the Resources directorate, as necessary.

## **2. Objectives and expected outcomes**

- 2.1 The justification for investment in any Housing Zone will be that it will deliver homes, cost effectively, that either would not have come forward at all without Housing Zone designation or which will be accelerated in their rate of delivery as a result of that designation. Bids for Housing Zone status were required to have a minimum threshold of 1,000 new homes.
- 2.2 The target is twenty zones with an aspiration for these to deliver around 50,000 homes over ten years, and possibly more over the longer term. The development of homes which are affordable to working Londoners on low to middle incomes is an important priority for the Housing Zone programme. Developers will be required to adhere to the Mayor's Concordat that obliges them to market domestically and the GLA may wish to see other measures put in place to ensure that new homes are available to primary purchasers rather than investors.
- 2.3 In addition to boosting supply in specific areas, Housing Zones will also be locations in which new approaches to delivery are piloted. There will be opportunities to test planning and funding mechanisms that might inform policy more widely.

## **3. Equality comments**

- 3.1. The Housing Zones programme is aimed at implementing the Mayor's policies in relation to increasing housing supply set out in the Mayor's London Housing Strategy. In January 2014 the GLA published an integrated impact assessment ("IIA"), including an equalities impact assessment, of that strategy. The policies related to increasing housing supply, of which this paper relates, were covered by the Integrated Impact Assessment (IIA) for the Further Alterations to the London Plan.
- 3.2. The IIA concluded that updating housing projections and targets would support the delivery of sufficient housing and may help stabilise housing prices, supporting equal opportunities throughout communities. Furthermore, the provision of housing, including maximising the delivery of affordable housing would be in line with other policies of the Plan (e.g. Policy 3.5), ensuring that the needs of different groups are taken into account in the housing design.
- 3.3. The delivery of new and additional homes within the Housing Zones will help to implement Objectives 1, 2, 3 and 4 of the Mayor's Equalities Framework "Equal Life Chances for All" (June 2014) through the creation of new homes, housing products and well-designed housing schemes.

## **4. Other considerations**

### *a) Key risks and issues*

- 4.1 The GLA is required to repay DCLG the £200m loan funding. Given that that funding will be onward lent by the GLA to private sector organisations, the primary risk to the GLA is the non-repayment of its onward lending. This risk will be mitigated by the repayment obligations agreed with DCLG (see Part 2), GLA only lending to financially sound organisations, obtaining robust security cover and monitoring delivery. In addition the GLA will be required to guarantee a certain level of interest servicing to DCLG (see Part 2), this will be mitigated by the level of interest retained by GLA and the impact ring-fenced, where possible, to other Housing & Land budget lines, including interest retained as part of the London Housing Bank.

- 4.2 The risk in relation to any 'value-linked-loan' will be in relation to the performance of the developments to which it relates. External advice from Savills LLP is that their central forecast for house price inflation is 24.4% price growth between December 2013 and 2018 and that many sites in London have value growth potential in excess of prevailing house price inflation, due to investment in local infrastructure and quality of place. The entry and exit points in the market will need careful scrutiny during the assessment and allocation of onward lending, to ensure the value of any assets is realised to repay the debt.
- 4.3 In the unlikely scenario that no repayment of principal or interest at all is received by the GLA, then a potential shortfall of up to £200m, adjusted for the agreed minimum recovery rate, plus relevant interest due could be faced by the GLA (see Part 2 of this paper for a calculation of both). The real risk is likely to be much smaller and will be spread across at least ten years. In the case of the GLA defaulting against its repayments schedule, DCLG will have the right to net this off against other funding due to the GLA. The GLA will only draw down and lend funding once terms have been agreed and due diligence completed which will include the identification of sufficient security for each scheme to ensure the GLA's potential losses are covered, minimising any impact of non-repayment.
- 4.4 The GLA will be able to use a proportion of the annual interest payments to cover its costs and cover the GLA's repayment liabilities to DCLG. This will mitigate the GLA's risk exposure. This cover, combined with the agreed recovery rate, is expected to be sufficient.
- 4.5 The GLA will monitor the anticipated levels of repayment on an ongoing basis and take action to ensure that any shortfall can be met by resources available within Housing and Land budgets, which could involve holding capital and/or revenue resources back.
- 4.6 The loans will be managed within the GLA's Treasury Management team, also responsible for the GLA's other borrowing and lending activity and in line with the recommendations of the joint DCLG/HCA/GLA review "Devolution Financial Transactions in London" (November 2014). GLA officers will also carry out ongoing stress testing of the outstanding loans in line with the updated financial standing of the counterparty and the London property market. This will be reported to the GLA's Investment and Performance Board if appropriate and, at least, on a quarterly basis.
- 4.7 On balance it is considered that the benefits justify the risk of assuming the funding role. In addition the risks of operating the Housing Zone funding package will be carefully managed as set out above.
- 4.8 The risk exists that if the GLA does not have sufficient capacity to progress the designation and necessary contracts to facilitate Housing Zones that the programme will potentially not be delivered at the necessary pace to achieve the required outputs, or that essential capacity is withdrawn from other agreed programmes in order to facilitate the development of Housing Zones, ultimately harming the GLA's ability to deliver affordable homes for Londoners. Similarly this lack of capacity risks a lack of oversight of the repayment processes and mechanisms put in place through these contracts, putting the repayment of these monies at risk.
- 4.9 These risks will be mitigated by allocating a specific team to handle the contracting arrangements within Housing and Land and to oversee both the due diligence processes and the recouping of loaned monies, ensuring the capacity exists to contract, manage and monitor these loans and the wider interventions.

*b) links to Mayoral strategies and priorities*

- 4.10 The Mayor's Housing Strategy sets out plans to create a number of "Housing Zones" to boost housing supply in London. It also identifies that a range of planning and financial measures would be used in these areas to unlock and accelerate housing delivery and to build more homes that are affordable for working Londoners.

- 4.11 In line with MD1366, the Housing Zone Prospectus was launched on the 13<sup>th</sup> of June 2014 with proposals to deliver 20 Housing Zones across London. Over ten years these Housing Zones should deliver up to 50,000 homes. This £200m of loan funding is being made available to support the delivery of these housing aims.

*c) impact assessments and consultations.*

- 4.12 The Mayor consulted extensively on the London Housing Strategy, within which the potential for and nature of Housing Zones was outlined, with the public and a wide range of stakeholders and voluntary, community and equalities groups. That consultation is detailed in MD 1331.
- 4.13 Following the launch of the Housing Zones Prospectus in June 2014 (MD1366) the GLA has undertaken a number of events with Boroughs, key stakeholders and interested parties outlining the bidding and assessment process for Housing Zone proposals.
- 4.14 Given the nature of interventions coming forward within Housing Zones, in that the proposals will ultimately facilitate the development of housing related schemes, it is expected that all funded interventions will require compliance with the individual Borough's existing Planning Policies, the overarching London Plan and the National Planning Policy Framework, all of which themselves have been subject to extensive consultation, engagement and formal adoption processes.

## **5. Financial comments**

- 5.1 Revenue costs relating to this programme will be contained within existing budgets in 2015-16. If necessary, costs in future years may be met from interest receivable arising from the programme.

## **6. Legal comments**

- 6.1 Section 1 of the Local Government Act 2003 (LGA 2003) gives local authorities (including the GLA) the power to *"borrow money (a) for any purpose relevant to its functions under any enactment; or (b) for the purposes of the prudent management of its affairs."*
- 6.2 The GLA is empowered to deliver the Mayor's Housing Zone programme, and fund Housing Zone financial interventions under sections 30 and 34 of the Greater London Authority Act 1999 (as amended) ("the GLA Act").
- 6.3 Accordingly, the GLA is empowered to borrow for these purposes and functions under section 1 of the LGA 2003.
- 6.4 Under section 3 of the LGA 2003 the GLA must determine and keep under review how much money the authority can afford to borrow.
- 6.5 In the event that the Financial Transaction does not constitute *"borrowing"* for the purposes of the LGA 2003, the GLA is empowered to receive, manage and repay the money under sections 30 and 34 of the GLA Act – providing the Mayor (i) considers that doing so will further any one or more of the GLA's principal purposes of promoting in Greater London economic development and wealth creation, social development and the improvement of the environment; and (ii) complies with sections 30(3-8), 32 and 33 of the GLA Act.
- 6.6 In determining whether or how to exercise the power conferred by section 30(1) of the GLA Act, the Mayor must:
- (i) have regard to effect that his decision will have on 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 (sections 30(3-5) of the GLA Act;

- (ii) pay due regard to the principle that there should be equality of opportunity for all people (section 33 of the GLA Act); and
- (iii) have due regard to the Public Sector Equality Duty; namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010, and to advance equality of opportunity between persons who share a relevant protected characteristic (race, disability, gender, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment) 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 (section 149 of the Equality Act 2010);

- 6.7 As noted in section 3 above, in January 2014 the GLA published an integrated impact assessment ("IIA"), including an equalities impact assessment and health impact assessment, of the London housing strategy, which included a policy for Housing Zones.
- 6.8 In addition to paragraph 6.6 above, where the Mayor is proposing to use the power conferred in section 30(1) of the GLA Act, the Mayor must consider consulting in accordance with section 32 of the GLA Act. Paragraphs 4.12 – 4.14 above refer to the consultation and engagement that has taken place in relation to the Housing Programme.
- 6.9 Under section 34 of the GLA Act, the Mayor is empowered to do anything (including the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the exercise of any functions of the Authority exercisable by the Mayor.
- 6.10 Under section 38(1) of the GLA Act, the Mayor may delegate authority to the Executive Director – Resources as proposed in this Mayoral Decision.
- 6.11 Specialist banking lawyers will advise the GLA on the proposed final contractual agreement under which DCLG will provide the GLA with £200m of Financial Transaction funding.
- 6.12 Prior to agreeing and entering into the contractual agreement with DCLG under delegated authority, the Executive Director – Resources will be advised as to the nature and effect of the terms of the agreement; and whether these are in line with the substance of the proposed main terms of the agreement contained in Part 2.
- 6.13 Section 34A of the GLA Act 1999 requires the GLA to carry out certain specified activities for a commercial purpose through a subsidiary company of the GLA. Those specified activities are contained in the Greater London (Specified Activities Order) 2013/973 and are the management and exploitation of land with a view to the realisation of a profit in connection with the GLA's housing, regeneration and economic development functions. There may be some GLA funding under the Housing Zones programme where, for state aid purposes, the funding is provided on a commercial basis and within the scope of section 34A and the Specified Activities Order. The GLA and DCLG are in the process of dealing with this point and so the Mayor is asked to agree to GLA Land and Property Limited entering into a contractual agreement with DCLG to receive, use and repay the funding in line with the substance of the proposed main terms of the agreement contained in Part 2 "if agreed to by DCLG and where applicable." Under section 4 of the Mayoral Scheme of Delegation, any single GLA Company Director of GLAP will be permitted to sign and execute the contractual agreement with DCLG for and on behalf of GLAP,

## **7. Investment & Performance Board**

- 7.1 Investment and Performance Board considered the report on the 19<sup>th</sup> of March 2015 and raised no comments.

## 8. Planned delivery approach and next steps

Activity	Timeline
Mayoral Decision	By 25 <sup>th</sup> March
Signature of contract for Financial Transactions	By 27 <sup>th</sup> March
Due diligence and contracting commences on Housing Zones	April 2015

### Appendices and supporting papers:

Appendix 1 – Devolving Financial Transactions in London Review Summary  
Confidential Part 2 section – Proposed main terms of the agreement



**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:

**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 – Yes**

**ORIGINATING OFFICER DECLARATION:**

Drafting officer to confirm the following (✓)

**Drafting officer:**

Neil Hook 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, Assistant Director, 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**

**Date**

**CHIEF OF STAFF:**

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

**Signature**

**Date**



**TITLE:**

**DEVOLVING FINANCIAL TRANSACTIONS IN LONDON**

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**November 2014**

Joint DCLG/ HCA/ GLA review for devolving financial transactions in London

### **1. Objectives of review**

DCLG is looking to devolve Housing Zones and Rent to Buy (the “London Housing Bank”) financial transactions to the Greater London Authority. This is a new type of funding and so DCLG, HCA and the GLA need to work together to ensure that the right arrangements, including skills, to manage these programmes, are available to the GLA to manage the risks around our collective investment portfolios.

HM Treasury has also been clear that they need assurance of strong financial management processes.

A joint, short-term project has been put in place covering the interactivity between DCLG/ HCA and GLA investments. This will look at skills and capacity, areas of shared risk, and risk mitigation.

The rationale for this project is to ensure risk arising from this arrangement is appropriately identified, measured and mitigated. For example, we want to avoid a situation in which DCLG/HCA and the GLA unknowingly concentrate investments in the same borrower, lenders end up competing against each other to provide financing to the same counterparty or bidders attempt to play the GLA and HCA off against each other due to marked differences in investment criteria, due diligence arrangements, security required and so on.

### **Proposed Outcomes**

This project must provide assurances that:

- The GLA have the skills and capacity in place to effectively manage these programmes;
- DCLG, HCA and the GLA are aware of the interactivity and risks between the various investment portfolios; and
- Appropriate management information is identified, collected and shared in order to manage those risks.

DCLG and HCA have already been reviewed by the Shareholder Executive (ShEx) on their skills and capacity and following the review a series of actions have been put in place to ensure skills and capacity are fit for purpose to manage the financial instruments portfolio.

### **Project structure**

The project was conducted by holding a series of interviews with key GLA staff and comparing the processes described from these interviews with the principles being applied in creating the HCA-I operation in HCA. As the report was drafted, GLA input was sought to ensure a true picture was represented. Once recommendations were being drafted, GLA have provided all responses to these.

The assurance work has been carried out by James Bailey (PwC on behalf of GLA), Steve Trueman (HCA) and Brian Foulds (DCLG). The evidence gathering was carried out through interviews with the following GLA staff during September, October and November;

- Jamie Ratcliff
- Neil Hook
- Amy Cook
- Jonathan Goldstraw
- Simon Powell
- Aameena Matin
- David Gallie
- Doug Wilson
- Luke Webster
- Tom Middleton
- Heath Pritchard
- Mike Youkee
- Nick Salisbury

## 2. Summary of findings

From researching this report it is clear that the GLA recognise these recoverable investment (RI) programmes require a different approach to management when compared to existing programmes (whether grant or recyclable funding). We accept that this report is being prepared whilst thinking and planning is evolving and being put in place.

The key findings are;

- Fundamentally the GLA has the capability to manage RI programmes at the scale currently proposed to be devolved
- There is a reliance on a small number of experienced senior staff which has implications for broader resilience in the GLA
- As GLA thinking on how these programmes will be managed has been evolving during the assurance review, a London Housing Zones assessment guidance document has been prepared that starts to document roles and responsibilities within the GLA during the bid assessment stages, to be shared amongst the relevant GLA teams. This is currently a work in progress so will need a further review point after completion of this assessment document.
- A skills audit should be undertaken to highlight where additional support might be needed in respect of the newly defined procedures
- The mooted Commercial/Transactions Team – to take projects from investment decision to contracting – should be put in place to augment existing resources and successfully close deals.
- Best practice post contract management would see segregation of roles after deal negotiation i.e. different personnel would then lead on project monitoring and investment recovery, to avoid optimism bias in any post contracting risk assessments. Whilst the GLA team recognise this, the current scale of investment doesn't pragmatically allow such a model. The assurance project team are yet to see an operating manual detailing how this stage of the process will be managed and it will be necessary to review and respond to an operating manual once the GLA have this available. This will require a further review point in the future.
- Such an operating manual should also detail the plan of MI requirements yet to be developed and implemented specifically for the portfolio these programmes will create for the GLA. There is ongoing work with the HCA-I team to explore this aspect of contract monitoring. Again, a further review point will be required to assess final conclusions here.

The purpose of this report is to share these findings across all parties engaged in preparing this report and to agree how to progress the recommendations, whilst recognising the need for a pragmatic and appropriate outcome for the GLA in managing the new RI programmes.

Work is underway regarding the interaction between HCA and the GLA relating to risk sharing management information that might be put in place and protocols associated with this. It will lead to an agreed on-going engagement between the appropriate staff in GLA and HCA, with terms of reference and engagement protocols to be documented and shared with the assurance team before final sign off.