

REQUEST FOR DIRECTOR DECISION – DD2519

Title: Affordable housing legal fees budget

Executive Summary:

The GLA has secured a funding settlement of £4bn capital from the Ministry of Housing, Communities and Local Government for the Affordable Homes Programme 2021-2026 approved through MD2707.

This director decision seeks approval for revenue budget of £138,000 for the appointment of external legal advisors to develop framework funding agreements for the AHP 2021-26, legal due diligence, ad-hoc legal advice and to take forward the contracting process for partners with successful allocations in this programme. The budget will be sourced from the Housing and Land (H&L) Management and Consultancy budget which includes provision for legal work for the Directorate's business as usual processes. The funding will be drawn down over 2020-21 and 2021-22.

Decision:

That the Executive Director of Housing and Land approves:

1. Creation of a revenue budget of £138,000, and expenditure of up to this amount, to support legal work required to implement the Affordable Homes Programme 2021-26; and
2. Reallocation of £138,000 from the H&L Management and Consultancy budget to a new Affordable Housing Legal Fees budget.

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: Rickardo Hyatt

Position: Executive Director Housing and Land

Signature:



Date:

8 February 2021

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1. The Mayor has successfully secured £4bn of capital funding from the Government over the period 2021-2029 to start to build new affordable homes between 2021 and 2026. Mayoral Decision 2707 approved the receipt of this funding from Government and the use of the funding to support the delivery of affordable housing in London. Tackling the housing crisis is one of the Mayor's top priorities, as the historic under-delivery of new affordable housing in the city has meant that many Londoners cannot afford a decent home to rent or buy.
- 1.2. The capital funding will be allocated through a competitive bidding process and successful bidders will be invited to enter into funding agreements with the GLA. The bidding and contracting process is led by the H&L investment teams. The H&L investment teams are supported by in-house legal advisors and external law firms who provide legal consultancy and support the contracting process.
- 1.3. To implement the Affordable Homes 2021-26 Programme revenue funding will be required to cover external legal consultancy costs including fees for legal review of the funding guidance, drafting of legal agreements, advice in respect of related documents (for example, the GLA's Affordable Housing Capital Funding Guide) and other legal due diligence, progressing housing providers into contract and dealing with ad-hoc legal queries.
- 1.4. Currently legal fees incurred in support of delivery of capital housing programmes are funded from the H&L Management and Consultancy budget. This budget is agreed on an annual basis and used to fund a variety of initiatives and projects to support the work of H&L directorate.
- 1.5. To ensure that there is revenue budget available to support the AHP 2021-26 this decision is seeking to assign £138,000 from the Housing and Land Management and Consultancy budget to a new Affordable Housing Legal Fees budget to cover legal costs associated with delivery of the 2021-26 Affordable Homes Programme. This is an ongoing programme and further funding for revenue support may be required in future.
- 1.6. This expenditure is expected to be drawn down across financial years 2020-21 and 2021-22 for the development of the programme funding framework contracts and in 2021-22 when specific contracting with partners is expected to take place.

2. Objectives and expected outcomes

- 2.1. The GLA launched the London Affordable Homes Programme 2021-26 on 24th November 2020 and organisations are expected to submit investment proposals to the GLA by early April 2021. Following a bids assessment process, the GLA is due to announce the funding allocations to successful bidders in June 2021. The contract process with successful bidders will commence from June 2021 onwards.
- 2.2. The GLA is liaising with its legal advisers to agree the contracting process and the types of contracts that need to be drafted to cover the requirements of the programme. The initial legal advice in respect of the review of the programme has already been received. Further work is required in respect of drafting the funding agreements and other areas outlined above.

3. Equality comments

- 3.1. The revenue funding will support the delivery of the London Affordable Homes Programme 2021-26 which is aiming to increase the number of affordable homes in London and helping to implement the

current policies set out in the current London Housing Strategy. Groups with protected characteristics stand to benefit from an increase in affordable housing where they are disproportionately over-represented in markers of housing need. In particular Black, Asian and Minority Ethnic (BAME) groups are disproportionately likely to experience poverty and associated housing constraints. These groups will therefore benefit from an increased supply of social housing particularly homes at social rents.

- 3.2. A full equality impact assessment of the London Affordable Homes Programme 2021-26 has been conducted and the details of the assessment are part of the decision MD2707. The assessment finds that the totality of policies and funding conditions introduced within the Affordable Homes Programme 2021-2026 represent a balance between meeting different forms of housing need and maximising the overall delivery of affordable homes, within the context of national policy requirements and available funding. The assessment also identifies the mitigations that will be put in place through the programme to alleviate the potential negative impacts on those who share particular protected characteristics, and on relations between different groups who share characteristics and those groups who do not.
- 3.3. The revenue funding will be used to cover administrative costs of running the London Affordable Homes Programme 2021-26 and the equality assessment of the capital programme directly links to the revenue funding.

4. Other considerations

- 4.1. Insufficient legal fees budget to support the capital programme would affect the delivery of housing against the target set out by the Mayor, leading to an undersupply of new affordable homes in London.
- 4.2. The delivery of the London Affordable Homes Programme 2021-26 will support Mayor's vision to provide all Londoners with a good quality home they can afford. In the London Housing Strategy, the Mayor acknowledges the affordability constraints in London and sets out his commitment to tackling the housing crisis through greater provision of genuinely affordable housing.
- 4.3. There are no conflicts of interest to declare from those involved in the drafting or clearance of this decision.

5. Financial comments

- 5.1. This decision requests approval for the creation of a revenue budget of up to £138,000 to support legal work required to implement the Affordable Homes Programme 2021-26.
- 5.2. The above expenditure is to be funded from a reallocation of £138,000 from the H&L Management and Consultancy budget to a new Affordable Housing Legal fees budget. The expenditure is forecast to be spent over 2020-21 (approx. £100,000) and 2021-22 (£38,000).

6. Legal comments

- 6.1. Detailed legal comments in respect of the Affordable Homes Programme 2021-26 are set out in MD2707.
- 6.2. Appointment of external legal advisors should be conducted in accordance with the TfL Legal Panel framework.

7. Planned delivery approach and next steps

Activity	Timeline
Drafting of contracts and legal advice	January –May 2021
Contracting	June 2021 onward

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:

Martina Kosuthova has drafted this report in accordance with GLA procedures and confirms the following:

✓

Assistant Director/Head of Service:

Rickardo Hyatt 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.

✓

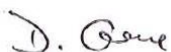
Corporate Investment Board

This decision was agreed by the Corporate Investment Board on 8 February 2021.

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature



Date

8 February 2021