

GREATER LONDON AUTHORITY

██████████
(By email)

Our Ref: MGLA111017-0168

22 November 2017

Dear ██████████

Thank you for your request for information which the GLA received on 10 October 2017. Your request has been dealt with under the Environment Information regulations 2004 (EIR).

Our response to your request is as follows:

*In 2013 and 2017 the GLA made loans to a developer called Pocket Living
(<https://www.london.gov.uk/decisions/dd2147-pocket-2017-funding-allocation>)*

Can you please provide me with copies of any due diligence investigations and any associated reports that were presented to the GLA prior to the loans being given to Pocket Living.

Prior to the publication of the DD2147 report of 1 August 2017, a series of GLA Decisions were published on our website which sets out the approval for the initial and most recent funding rounds. We have identified these reports as being within the scope of your request and are as follows:

- 01 May 2013 - DD1054 (Mayor's Housing Covenant other product allocations) - Please find attached.
- 16 Jul 2013 - DD1090 (Mayor's Housing Covenant - Pocket) - Please find attached.
- 07 Oct 2015 - DD1365 ([Mayor's Housing Covenant - Pocket Homes update](#))
- 05 Jul 2016 - DD2020 ([Mayor's Housing Covenant - Pocket Homes further variations](#))
- 09 May 2017 MD2122 ([Funding Allocation](#))

The also GLA holds further information within the scope of your request. This includes the Part 2 confidential facts and advice for each of the above reports and a financial due diligence report on Pocket Living dated August 2017. This information is being withheld as it falls under the exceptions in Regulation 12 (5)(b) (The course of justice and inquiries) and Regulation 12 (5)(e) (confidentiality of commercial or industrial information) of the EIR.

Regulation 12 (5)(b); The course of justice element of this exception is very wide in coverage, in this instance it is used to cover material covered by legal professional privilege (LPP). Mayoral and Director Decisions report contain a part 2 section containing confidential facts and include legal comments which inform the decision-making framework at the GLA. LPP exists in this instance to protect advice from lawyer to client (The GLA).

For the exception to be engaged, disclosure of the requested information must have an adverse effect on the course of justice. The advice is still relevant and relates to an investment in Pocket Living which will see work start on at least 1,059 new homes by March 2021 and would undermine the public confidence in the efficacy of LPP generally.

Regulation 12 (5)(e); This exception is used to cover the commercially sensitive information found within the part 2 reports and financial due diligence on Pocket Living. The non-LPP elements of the part 2 reports and the financial due diligence is considered commercially sensitive information. The purpose of this exception is to protect any legitimate economic interests underlying commercial confidentiality.

This information is commercial in nature because it relates to a funding package as part of the Mayor's Innovation Fund. The funding (all of which will be paid back in full by the end of the next decade), will help finance ongoing site purchases for development. It will enable Pocket to increase its rate of delivery on brownfield sites to provide affordable homes for Londoners. The information is not trivial, nor in the public domain. Financial due diligence was provided to the GLA on a commercial in confidential basis and therefore protected by the common law of confidence.

Disclosure of this information would prejudice the ability of the GLA / Pocket partnership to achieve best value for money. It would be likely to be prejudicial to Pocket as they negotiate terms with landowners or suppliers of services due to their ability to identify how much has been budgeted for each scheme covered by the funding allocation. A party may then be able to create a bid that is modified and not truly competitive. The confidentiality of this information is therefore required to protect the legitimate economic interests of Pocket because disclosure could affect their bargaining position and ability to operate effective procurement processes.

Public interest test; In applying these exceptions, we have had to balance the public interest in withholding the information against the public interest in disclosing the information:

We acknowledge that there is a public interest in transparency in relation to the way the GLA allocates funds in relation to increasing housing supply. Disclosure of this information would help enable the public to understand the decision making behind funding allocations.

Providing detailed information held by public authorities is in keeping with the Government's transparency agenda and promotes accountability and greater public participation. Furthermore, the public interest is served by the GLA being transparent and open to scrutiny to increase diligence and working to protect the public purse.

However, on balance, we consider that it is not in the public interest for the GLA to release information that would prejudice the commercial interests of the GLA and a third-party. This is particularly important where that third-party is required to achieve value-for-money increasing the number of new affordable homes and remain affordable for the lifetime of the building.

We consider that the public interest is best served by ensuring that the GLA / Pocket is able to achieve value-for-money. The public interest would not be met if the GLA released information which would be likely to prejudice the GLA / Pocket partnership obtaining best value in ongoing commercial activities. Disclosure by the GLA would be likely to have a detrimental effect on the procurement of services by Pocket, potentially prejudicing their future negotiating capabilities.

If you have any further questions relating to this matter, please contact me, quoting the reference at the top of this letter.

Yours sincerely

Paul Robinson
Information Governance Officer

If you are unhappy with the way the GLA has handled your request, you may complain using the GLA's FOI complaints and internal review procedure, available at:

<https://www.london.gov.uk/about-us/governance-and-spending/sharing-our-information/freedom-information>