

**Budget Monitoring Sub-Committee – 3 November 2016****Transcript of Item 5 – Quarter 1, 2016/17 Greater London Authority Group  
Monitoring Reports (Mayor's Housing Policy)**

**Gareth Bacon AM (Chairman):** The Greater London Authority (GLA) Group monitoring reports is our main item of business. I would like to welcome David Gallie Assistant Director - Group Finance, GLA and Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land GLA. We are looking at the Mayor's housing policy. We have a number of questions on the table, mostly for you, Jamie, so I will ask the first one. The largest element of the housing and land budget is the Mayor's housing covenant. Is the Mayor pressing ahead with Boris Johnson's 2015 to 2018 programme or is he planning to make changes?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** The programme is operational. We are running it. The previous Mayor noted that there were quite a lot of significant changes related to delivery of affordable housing, including more money being made available at the last spending review and Autumn Statement, which was 6 December 2015.

In his public letter to your predecessor, he was maybe slightly less clear on a number of other more negative changes around welfare reform that certainly introduced some delays to overall delivery and some changes in terms of the appetite of housing providers to deliver affordable housing. He noted that he would expect there to be some revisions to the targets as a result of the overall change and also the fact that Government going forward is looking to move to starts targets all the way through to 2021. We are still negotiating with Government in relation to that funding that will be available through to 2021. Once concluded, we expect to revise the targets but we have not formally done so yet.

**Gareth Bacon AM (Chairman):** The target over the period was 42,000 completions. In year one, 14,000 completions. In year two, 441. That suggests that you may be somewhat adrift by the end of year three. Is that going to be reprofiled or are you actually going to make the 42,000 that you were expecting?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** It is incredibly challenging to achieve the 42,000 at the moment. I am certainly not going to say that we are definitely going to do that. This year, obviously delivery has been slow so far but it usually is in terms of affordable housing completions. They are normally quite backloaded towards the end of the financial year. In the profile that was previously provided we had suggested that to be on track, we wanted to do 10,500 completions this year. That is not a target that we are going to achieve this year. The target for the following year was previously set at 24,500, which is again an incredibly high number. If you do not achieve 10,500 this year then it goes up higher overall. The 42,000 is very challenging and it was acknowledged as such by the previous Mayor.

**Gareth Bacon AM (Chairman):** Why is it challenging? The context of this is that six months ago, we had a mayoral election and all of the candidates seemed to coalesce around the figure of 50,000 affordable units that will be built every year. For that figure to be put into context, the previous Mayor built around about 100,000 over eight years, which was marginally more than his predecessor had done over eight years. 50,000 a

year, if achieved, will be an increase by a factor of four. We are nowhere near that. Why is it challenging to do 42,000 over three years?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** The target that people have talked about overall is 50,000 homes of all tenures, of which a varying proportion might be affordable. The current Mayor said that he would like at some point to get to a point where we can have half of all homes affordable. We are quite a long way from that at the moment. In terms of the challenge, it is around a whole range of changes that have happened in relation to the operating environment for housing associations. A lot of change is happening in the Housing and Planning Bill, which has introduced significant change for housing delivery and affordable housing delivery in London, welfare reform, including the 1% rent cuts and the introduction of the right of buy for housing associations. Detail is slowly coming out in terms of how that might be implemented. There is a context of significant change making delivery of a relatively short-term target more challenging.

Then furthermore, in order to achieve an overall target you would expect to have some comfort that you could get there in terms of a buffer of what you are going to deliver. We have never got to a point where we have had fully allocated all 42,000 homes. To have confidence of achieving it, you would expect to have made allocations beyond that to take account of projects not going ahead as you would expect them to, taking longer or experiencing difficulties. At this point, which is 18 months away from March 2018, we do not have more than 42,000 homes allocated. That is a key challenge.

**Gareth Bacon AM (Chairman):** We need to look to the future as much as to the past. Is there a figure mooted as to how many completions we can expect from the present Mayor?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** It will depend on how much funding we can negotiate from Government. It is likely that that funding will be associated with starts rather than completions.

**Gareth Bacon AM (Chairman):** What figure are you working towards? There must be one, presumably.

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** Yes. Until we reach a settlement with Government and clarity on the things that are still moving, I am not in a position to give a running commentary on those negotiations, to coin a phrase.

**Gareth Bacon AM (Chairman):** Yes, indeed. That is a phrase we have heard before.

**Tom Copley AM:** You said they are switching from completions to starts. Why are they doing that?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** I guess the key justification is probably that starts are something that you can achieve and control somewhat yourself.

**Tom Copley AM:** There is always an argument that mayors will say, "You might have had the completions in your year but they were started in my year."

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** Yes, so you can claim ownership. All of the completions that we are completing this year started under the previous

Mayor. The conditions that we are operating in, favourable or unfavourable, we can attribute to the previous Mayor. Going forward, starts are much more clearly associated.

**Gareth Bacon AM (Chairman):** Also, I suppose, if someone starts building something they are not going to leave it half-finished. They are going to finish it, aren't they?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** Yes, you would hope that there is a completion.

**Gareth Bacon AM (Chairman):** If people start things, there is a reasonable assumption that they will finish it as well rather than sweeping up afterwards.

**Tom Copley AM:** I am assuming both will still be recorded--

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** Yes. We are working through exactly where we will get to with Government. It is very likely we will have a starts target. I do not think Government is going to hold us to a completions target. My preference would probably be to keep our targets as simple and straightforward as possible.

**Gareth Bacon AM (Chairman):** If we are going to get anywhere near to where candidates of all parties in the election suggested they wanted to be and where realistically we all want to be as a city, there is going to have to be an absolute step change in what is going on or what has gone on before. Do you see that coming? What would stimulate it?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** Absolutely, there is a huge amount to do to even start to move towards tackling London's housing crisis. The Mayor has been clear that he does not have responsibility for solving it alone. There is no way that he could solve it alone. It needs a concerted effort, working with a whole range of stakeholders committed to coming together across London boroughs, housing associations, developers and a range of other people operating in the housing market, demonstrating some commitment to start to improve conditions.

James Murray [Deputy Mayor for Housing and Residential Development] says, "It is a marathon, not a sprint" about two or three times in every sentence, just being very clear that there is no magic wand we can wave to solve things immediately. There is a lot of effort going on. All my teams are working very hard on what we can do to implement improvements and how we can work with a range of partners to start to address the problems that we are facing.

**Gareth Bacon AM (Chairman):** Leaving party politics to one side, that is a message we have heard before: things are backloaded, there is no magic wand, it cannot be done overnight and so on. There is a logic to it but eventually something is going to have to change because constantly targets are profiled to the back end and then not hit. We discussed the 42,000 a moment ago and we are agreed that it is going to be extremely challenging to hit that target as things stand at the moment. If we are going to make any kind of dent in the shortage of housing and affordable housing in London, something is going to have to change quite radically. It is perfectly legitimate to say it is a marathon and not a sprint but what is going to be the gamechanger?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** Lots of people are saying there is no silver bullet because it is true. There is no one single thing that we will be able to do that will radically address London's housing crisis. Remember that it is not just about building homes.

There are a whole range of other things - homelessness and rough sleeping, conditions in the private rented sector (PRS) - which need to be addressed at the same time and will not be solved by just building more homes.

In terms of what is being done, I do not know if I remember the Mayor's manifesto but there are a whole range of pledges set out within it in terms of what he is pledged to do or committed to do in terms of starting to tackle London's housing crisis. The key things to start with are taking personal attention and looking at what is happening, convening a Homes for Londoners board --

**Gareth Bacon AM (Chairman):** We will come on to that. That is something to be shared later on. Not that much later on.

**Tom Copley AM:** I am going to channel Andrew Boff [AM] for a moment. Do we need a target for habitable rooms as well, do you think?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** Under Andrew's [Boff AM] questioning, the previous Mayor agreed to give an overall target for a number of bed spaces being delivered and to report on that on an ongoing basis. It is something that you might reasonably ask for going forward as well. As part of our policy considerations, we are currently grappling with whether it is better to be measuring the number of homes, the number of bedrooms or the number of habitable rooms. There are obviously trade-offs associated with each of those but it is clearly important to be building homes of the right size for people to live in.

**Tom Copley AM:** We had an interesting conversation at the Housing Committee where there seemed to be a bit of a mismatch between Transport for London (TfL) and James Murray [Deputy Mayor for Housing and Residential Development] as to precisely what was the best sort of thing to measure. They are going to deal with that offline.

**Gareth Bacon AM (Chairman):** One of the initiatives that the previous Mayor and the previous Chancellor [The Rt Honourable George Osborne MP, former Chancellor of the Exchequer] put together was the Housing Zones programme. To fund it, some of the funding has been taken from the Mayor's housing cover. I am not a housing expert but that seems to be diverting funding away from affordable housing programmes. How is that going to affect the affordable housebuilding programme and the number of affordable homes that are built? Is it going to be a detrimental thing? That is the implication of the question. Is it going to be?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** No. Very much the intention was that something needed to be done to increase overall supply and because market supply has affordable housing associated with it, we felt that the best way of doing that was to transfer some money - not all of it and not the majority of it - towards a programme that was unlocking overall supply, of which a proportion would be affordable. The intention, which is broadly being borne out by reality at the moment, is that the level of affordable housing delivered by that funding would be broadly similar to the amount that would be delivered if you were just directly grant-funding those homes.

**Gareth Bacon AM (Chairman):** What progress has been made so far?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** We are still relatively early in the process but we have designated 31 Housing Zones. There were an initial 20 and then a further 11. Initially there was £200 million moved from affordable housing into Housing Zones, and

then for the next ten there was another £200 million moved. Overall, we are expecting that those 31 zones will deliver over 75,000 homes through to 2026 and the reporting that we are getting on those zones shows that it is possible to exceed that.

**Gareth Bacon AM (Chairman):** Possible to exceed it? By how much?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** It is a long-term complex programme.

**Gareth Bacon AM (Chairman):** Can I change the question slightly? Originally it was 20 Housing Zones. Then another 11 were added on, as you have described. You also said it was quite early in the process to measure the progress and that is a fair comment. What was the evidentiary base for increasing from 20 to 31?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** It was largely that it had been very popular with boroughs, that there were a number of others who had not quite been in a position to propose a housing zone to us as part of the earlier round but were very keen to take advantage of the opportunities and positivity that they saw, and that we still had funding that was unallocated through the main housing programme. It was an opportunity to do something rather than leave that money sitting there, trying to get it to go and drive some more housing delivery. Again, as part of that second round, we had said we wanted ten and there was appetite to add more, so 11 zones.

**Gareth Bacon AM (Chairman):** As part of the programme, the GLA gives grants to developers in the Housing Zones. Have they been popular? Are people taking up those grants?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** It is worth being clear that the money available in Housing Zones is split into two different colours. There are what was called 'financial transactions', which was money that was loaned to us by Government. We can then loan it on to private sector organisations on a commercial and recoverable basis. Then there was the money that we moved from our affordable housing programmes. That second amount of money we said could be available on a grant basis but we would like to structure it in a recoverable way if possible. Unsurprisingly, probably, organisations have been more interested in accessing grants or funding that is on a less commercial basis.

Overall, we are in a position of overprogramming with allocations, currently £949 million against the £600 million budget. Much more of that overprogramming is against the grants than the financial transactions, although interestingly in terms of contracts, the significant majority so far, £109 million out of £177 million, has been contracted of financial transactions.

**Gareth Bacon AM (Chairman):** Those are the loans?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** Yes, the loans.

**Gareth Bacon AM (Chairman):** Which strings are attached on the loans?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** People will have milestones that they are expected to hit in terms of construction, preconstruction and enabling works. They will then have an obligation to repay the funding according to a certain timetable and they will have an interest rate that is applied, which is assessed on a commercial basis. We have an interest

rate setting board, of which both myself and David [Gallie] are members, which assesses the evidence prepared as part of due diligence to assess the commerciality of that interest rate.

**Gareth Bacon AM (Chairman):** If money that we loan out to people is itself loaned to us from the Government, what risks are there – perhaps David [Gallie] might want to come in on this as well – to the GLA of not being able to repay the loans? We are dependent on getting it back from someone else first.

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** We have an obligation to repay to Government and so there is obviously a risk if the developer does not repay us and we retain that repayment obligation. The way we manage that is severalfold, the first of which is through careful due diligence and making sure that it is a sensible proposal for us to enter into. The second is to make sure that if the project does go wrong we have appropriate security so we can step in and protect our financial position, and the third is that we charge an interest rate that is commensurate with the level of risk that we have. In terms of the agreement we have with the Department for Communities and Local Government (DCLG), we have to pay them an interest rate that is relatively quite low and then we set a rate that is higher with our counterparties, which gives us an amount of arbitrage that helps us manage the risk going forward in terms of creating a buffer. Fourthly, we have said that we would look to ring-fence the impact of there being a repayment risk within the housing budget of the GLA.

**David Gallie (Assistant Director - Group Finance, GLA):** It is important to recognise that in housing financial transactions the expectation is very much that the counterparty will repay. We make sure that is the case. There is a whole series of due diligence, as Jamie has touched on. It is probably worth amplifying this a little bit. Not only is there a micro, individual due diligence on each counterparty, looking at their individual creditworthiness and collateral, but also at a macro level we manage it as a portfolio. The existing housing zone commitments of £109 million, is managed at an aggregate level in my team. We are looking at the aggregate risk there and we set a target of what we expect, given the duration of the loans, with the overall assessment of what we think is adequate to repay, on creditworthiness and collateral, to ensure that with the balance of future Housing Zone transactions we can have surety that the sums will be repaid.

**Gareth Bacon AM (Chairman):** On that basis, will the type of organisation that you will make a loan to only be larger organisations rather than medium-sized or small?

**David Gallie (Assistant Director - Group Finance, GLA):** It is a mix to ensure that we get that right level of security. What we tend to do in practice is have a very high level of security, not just security over the land but also the work in progress, as against – given the nature of some of the organisations we have lent to, which often do not have credit ratings – their creditworthiness being at a lower level. We balance out having a high level of security compared with the creditworthiness to ensure we meet the overall aggregate target of risk that we are willing to bear.

**Gareth Bacon AM (Chairman):** Typically over what period of time are the loans made?

**David Gallie (Assistant Director - Group Finance, GLA):** The loans are incredibly short on average. The existing loans for the Housing Zones have a weighted average loan duration of about two and a half years. They are very short.

**Gareth Bacon AM (Chairman):** Two and a half years?

**David Gallie (Assistant Director - Group Finance, GLA):** Two and a half years. There are some that are very short. One is just over a year. A couple that we are looking at now are over five years. They are of relatively short duration. One of the issues we have is that the longer the duration of the loan, clearly the greater the risk. It is managing the risk to the overall portfolio. The shorter the duration, the more confidence we have in the ability to repay.

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** In terms of the agreement with the Department for Communities and Local Government (DCLG), we have a repayment profile to them that we are obliged to meet, which is relatively backloaded. The way that it works is that if we get an earlier repayment than that quite backloaded repayment profile, it just nets off against future obligations. The timing risk to us is much less. That fairly long repayment profile means that we have the ability to offer longer-term loans, which might be to people who do maybe hold for build-to-rent or private rent and therefore need some finance while they are first letting out properties. To date, all of it has been around development finance, people who just need a loan while they are building it and then at the end they will be selling it on to probably housing associations and individual people.

**Len Duvall AM (Deputy Chair):** I am continuing on the performance because the loans bit is one aspect of it. In most of these Housing Zones, preferred partners are leading, aren't they? The local Council is a preferred partner. That is why we have allocated the zone there. There are usually a developer or housing association who is leading some of that work. In terms of performance, do you have a register - not a risk register because we have gone through that and you are doing due diligence on that - of how well they are doing against what we have done? That is the first question.

Second, the goalposts are getting moved. When we established the housing action zones at X date, there were different rules then. There is still some work going on in housing action zones that probably is still at pre-planning stage. What is the capacity for the GLA to intervene and say, "The rules have changed there and we would like to look at the terms of the agreement to establish the housing action zone"? How does that work?

Who drives performance? Is it the GLA or is it at the local level? Who holds who to account here? Can you could just clarify that? Sorry for going back to basics.

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** If I take the questions in order, to start with we said that the zone had to be proposed by a borough. It had to be somewhat driven by the borough, who saw this as an area with growth and opportunity. In most of them, it is definitely being driven by the borough. There are a couple where there is clearly a dominant development partner who has quite a large interest in the zone. Probably the best one is Peabody, who cover the Greenwich and the Bexley Housing Zones. They own pretty much all of the land that is being developed within the Housing Zones so are clearly in the driving seat there, but the boroughs are working very well in partnership as well.

We absolutely have a lot of internal scrutiny in terms of how the Housing Zones process is working and performing. I chair a monthly meeting of a steering group with the senior Heads of Area of each of our investment teams, who are responsible for the Housing Zones in their area, scrutinising performance carefully and looking at where things are changing. On a quarterly basis, we will be reporting that or discussing it with the Deputy Mayor for Housing and Residential Development, James Murray, to demonstrate to him that performance is moving forward positively. We are also currently conducting a review of Housing Zones,

looking at how we could drive them faster, how we can support boroughs better and crucially how we can deliver more affordable housing, which neatly segues into your second question.

Clearly one thing that has changed is that the current Mayor is much more interested in raising up the level of affordable housing and is wanting us to push that very hard. There are some sites where it might be set in planning already but it might be that we can restructure the funding and deliver a higher level of affordable housing. There are others that are going through planning and we are definitely looking very proactively at how we can deliver more affordable housing on those sites.

It is worth noting that probably a lot of these sites are Housing Zones because they are very difficult and challenging. Some of them have been around for some time with lots of remediation or infrastructure works and that does make it harder to deliver high levels of affordable housing. Overall, just over one-third of the total homes planned are affordable housing and we are looking to see what we can do to increase that. It is not easy but we do have some influence.

We have funding contracts with the individual counterparties with which they are held to account, but our idea of Housing Zones is very much that it is a collective endeavour. We do not just place this upon boroughs and say, "You get on and deliver it and if you do not, we will shout at you or bang the table." If things are not working, we want to be looking through. Why aren't they working? What can we do to resolve those issues? Where is it that the Mayor or James Murray [Deputy Mayor for Housing and Residential Development] could intervene to help if there are senior-level strategic issues with other bodies, be they other public bodies or other people across London, to unblock things? How can we proactively identify and resolve problems together?

**Len Duvall AM (Deputy Chair):** In that collective effort, before we decide to put £1 of our money or Government's money into the middle person doing it, are the boroughs - some of them, not all, have considerable housing resources of their own in terms of setting up their own housing trusts and all the rest of it - called on to play? Are they all playing on that where you have zones?

What happens in the areas that do not have zones and where they might want some activity, or where we might need to use our money outside those zones? Are they no-go zones for the GLA? What do we do about that? Is there some thinking that we cannot allow that to happen because we need to stimulate that activity, either alone or with a partner and hopefully with the borough?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** On the first one, in terms of whether boroughs are putting in their own resources, absolutely. It was part of the requirements that there was a something-for-something offer. Boroughs had to show what they were going to put in to drive the zone. In every case, there has been a huge amount of political and corporate support from the boroughs. They have seen this as a priority. We have then captured those something-for-something offers within something that we have called an overall or outline borough agreement - I cannot remember - which is basically an overarching contract that sets out how the zone will work as a whole. That captures what the boroughs have committed to offer. Lots of them have resourced up Housing Zones teams. Obviously boroughs have been through a sustained period of austerity and are reducing their budgets but they have managed to demonstrate how much of a priority this is by putting additional staff into those zones to drive it, which has been really positive.

In all of the contracts we are going through a process of due diligence, looking with property experts at whether our funding is definitely needed and whether it is unlocking and accelerating delivery. We are doing



that fairly rigorously because we are significantly overprogrammed on the funding. We want to make sure that we use that funding as best possible.

**Len Duvall AM (Deputy Chair):** Is there some work in the GLA that allows us to say that for our £1 that we lever in, there will be X from either the developer or housing association – they are one and the same on some occasions – and/or local government money to make things happen? That £1 may give a different value because there may well be some real, genuine barriers that stop that development going on. It will not be across all Housing Zones, will it? Does that document exist or can that information be put together? Is it desirable to have that in value for money terms, with the obvious caveat that different sites have different issues? You might get more affordable on one and that is why you get less for your £1, or you get more for your £1, whichever way you want to look at it. Could that be done?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** I think it is on the Housing Zones webpage at the moment.

**Len Duvall AM (Deputy Chair):** There is one?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** There is a document that shows, by zone, what the total expenditure is to deliver the homes in the zone. You could say it is the leverage factor. I have a number in my head but I am not going to guess it because I do not want to get it wrong. If it is not there, we can definitely put it together.

What that does not capture is some of the softer things, where boroughs might be putting other commitments in to make sure things work. That is captured in the Overarching Borough Agreements.

**Len Duvall AM (Deputy Chair):** Thank you.

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** On your second question around no-go zones, absolutely not. The Housing Zones programme is targeted in certain areas. They were areas where there was significant growth. There had to be at least 1,000 homes that could be unlocked or accelerated. There is a whole range of housing activity we are doing in other places through our land programmes and through our affordable housing funding. Under the previous Mayor, there was a bit of a spatial mapping exercise trying to work out where the priorities of the GLA are where we are working. It came out with 125 different priority areas and we are clearly doing something in every part of London. I do not think you could say there are no-go areas.

**Len Duvall AM (Deputy Chair):** Thank you.

**Tom Copley AM:** I want to move on to the issue of the London Housing Bank, which has not been able to distribute any of the £200 million that was meant to be given out in loans for 3,000 affordable homes. What has held it back?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** I am definitely personally quite disappointed by the progress that we have made with the London Housing Bank. It makes quite a lot of sense as a product. Briefly, it is very cheap loans. Instead of being commercial loans, they are 1%. They can be held for the long term and only after eight years does that rate start to increase, even then at a relatively low level. In return, the homes have to be intermediate rent to working households with at least a 20% discount on market. Those two things should cancel out.

We thought it would appeal particularly to build-to-rent providers who wanted to have a large portfolio and wanted to stabilise it. It would be a way of getting in demand more straightforwardly because you are charging a lower rent, and also potentially on estate regeneration schemes where values might be lower initially but if you took a long-term hold, you could then get to a place where it was much more viable to deliver.

There are probably a few problems with it. There was something about it not being particularly well understood. Probably I should take that on the nose. There is more that we could have done to explain this more clearly. There were definitely some issues for those people who it appealed most to, build-to-rent providers, with the fact that in legislation we have a requirement that anybody to whom we provide funding for homes to be affordable rent - in its broadest sense, as in sub-market rent - has to be a registered provider of social housing. There were some private landlords who did not want to involve a housing association and that is a legislative requirement upon us. You could work in partnership with a housing association and have them as the landlord, and have another organisation working with them.

**Tom Copley AM:** You cannot just lend the money to Essential Living or one of the big PRS providers and they then create a sub-market rent model? That is not allowed?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** They need to work in partnership with a housing association so the housing association was the landlord. Some people then interpreted that as saying that this is not for them at all, rather than seeing how they could work in partnership with a housing association. That is an issue.

A further one is that the Homes and Communities Agency (HCA) had a similar programme at the same time that was even less successful than ours, if you believe that, because it is true, where they had a lot of restrictions on having to offer the homes for sale at any point to the individual tenant. While that is probably a good deal for the individual tenant, it removed any of the benefit to a PRS provider who would not want to see their portfolio broken up at random at the wishes of a tenant. That definitely created confusion in people's minds too.

**Tom Copley AM:** Housing associations are now developing PRS. Did you not have any interest from any of those?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** In the initial allocations, we had one with Peabody. That is not progressing at the moment. In terms of where we are, we obviously have not spent any money, although to be fair at this point we were not expecting to have spent any money. There was a budget profile that was in the GLA's official budget of £80 million this year or possibly last year, but that was set before we reached the funding agreement with DCLG. The funding agreement with DCLG has a spend this year of £55 million and the rest of it is spread over another few years. We are at a point where we did not expect to achieve any funding but I would have liked to have had a number of deals in contract so that we could be confident and as of today, we do not have any in contract. There is one that I am very confident will get in contract relatively soon, which is with a housing association.

**Tom Copley AM:** About £54 million?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** That one, since your briefing, is maybe less certain. I missed a phone call on it today. There is one with a housing association that I am pretty certain of that is £30-odd million and there are a couple of other conversations,

one of which we have spent 18 months talking about, which is for £50-odd million, which is not over the line yet, and then there is another one at a slightly earlier stage that is probably for £50-odd million. If we landed all three of those, which is not certain, we would be quite a long way towards allocating all the money but not quite there yet.

**David Gallie (Assistant Director - Group Finance, GLA):** Tom, it is also important that you see the overall context. We are in a world of absolute interest rates being so low. Even though the Housing Bank has exceptionally low (interest rates) we are dealing with big housing associations, and they do not have a problem attracting cheap money. In many ways, the fact that we are marginally cheaper is not decisive in the decisions they are making around getting access to funds.

That context brings us back to the real problem with housing here. It is not necessarily about having money. It is about the capacity of housing associations. Therefore the Bank itself is not necessarily a product that is biting terribly effectively.

**Tom Copley AM:** In that case, is there a case that as a loan, it is aimed at the wrong groups? There might be smaller developers, for example, that cannot get the same low interest rates that housing associations can get that might be interested. Then of course we come up against the whole issue of them not being able to provide an affordable product, I suppose.

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** Yes. That is probably the harder point. It is somewhat of a catch-22. The reason the interest rate can be so low is because it is an affordable housing product and therefore for state aid purposes you do not need to charge a commercial loan, but because it is an affordable housing product it has to at least have a housing association involved, who have quite low levels of borrowing.

I am somewhat more positive looking forward in that there is definitely a lot more build-to-rent happening and there are people who are interested in this space. We have had some interesting discussions with large banks who are lending to build-to-rent providers on how we might be able to tie up with those. Also, if the housing market does soften at some point over the next few years, you would expect this to become more attractive as sales may become more difficult.

**Tom Copley AM:** Is one of the problems as well that after eight years, these homes no longer need to be affordable? It is a loan, not a grant, but if you are counting these homes toward your affordable housing statistics they are only going to be affordable for eight years.

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** Definitely, it was never intended as permanent affordable housing. It was about how you could accelerate construction and, at the same time, deliver a benefit to some households for a period of time.

**Tom Copley AM:** Would they be counted on the affordable housing statistics?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** Yes.

**Tom Copley AM:** It is a bit misleading in that way.

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** In the current Housing Strategy, which was obviously written by the previous Mayor, there was a line within the

overall target for London Housing Bank homes that was in addition to the 42,000 target. It is likely that something similar would happen going forward. The line would be clearly identifiable so you could disaggregate them if you chose to, but in the same way, with any homes we fund, we do not know that they will stay affordable forever. There is the right to buy applying to both housing associations and local authority properties and there is more freedom for housing associations following the Housing and Planning Act to sell their stock as it becomes vacant.

**Tom Copley AM:** This is something that applies across the GLA's programmes, that the homes that are funded could be lost through asset sales or indeed through the right to buy.

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** It is definitely more likely here because it is specifically set up to be for a temporary period of time but more generally, we know that homes are not going to be kept as affordable housing forever. Our grant is returned to us at the point that they are no longer affordable.

**Tom Copley AM:** If I could ask you, David, how does the provision of loans rather than grants affect certainty around the budgeting process?

**David Gallie (Assistant Director - Group Finance, GLA):** Grants obviously give you no risk at all. From a financial point of view, a grant is just allocated out and if that grant is not used effectively that does not have an impact, whereas a potential default on a loan obviously would have an impact on our budgets.

As Jamie [Ratcliff] described earlier, it may be worth just amplifying a few points about the security that we have. If we were in the position of a loan defaulting, then the interest excess that we earn above the interest we have to pay back to Government becomes the first call on any shortfall of resources if a HFT defaulted. Jamie does not like this, of course, and we hope we do not ever get to that point, but if we were at a point where the interest was not sufficient to cover any shortfall, ultimately we would have to apply housing resources to ensure that we repay the loan back to Government. From my point of view, we have belt and braces coverage in the event of a default, albeit ultimately borne by that arbitrage from Government but also from housing resources more generally.

It is probably worth emphasising again that we have entered into these deals on the basis that they will all be repayable. If you look at the Housing Zone formal contract, ultimately in each individual financial transaction on a Housing Zone we are only required to ensure a 60% repayment. We are obviously going to try to ensure 100% but there is a degree of buffer on each individual Housing Zone transaction, if we got into a position of default as well. We have to satisfy other parties here, particularly DCLG but also the HCA in its regulatory role, to ensure that we will not default on any of these loans. So, yes, there is that difference between loans and grants but ultimately we have it covered.

**Tom Copley AM:** What lessons have you learned from the London Housing Bank, in terms of the take-up not being very good?

**David Gallie (Assistant Director - Group Finance, GLA):** We spent a lot of time dwelling on whether it was something in our procedures that means it has become unattractive to counterparties. We looked at the calculations of our own administrative costs that are added on. Obviously we are required to ensure it is a state aid-compliant loan so we are trapped into that methodology. We generally sought to strip out as much as we could to ensure that the way that we approached it, in terms of our credit assessment and the way that we looked at security, is one that does not look to put up barriers.

As Jamie alluded to, there is this paradox that you want to support perhaps the weaker members of the housing world. The difficulty is that with the requirement to ensure a commercial loan, with weaker organisations inevitably the interest rate calculation that emerges from its assessment of security and collateral means that they pay more than say Peabody's and the big housing associations do. We are ultimately having to charge a higher rate, a higher cost, to those who are weaker, less able and more in need of the resource. There is a paradox about how we are trapped into levels of financial security that cuts against delivering what Jamie wants to do.

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** One thing I would add to that is the complexity and weight of words. We tend to write in weighty tomes. "This is how you bid for something and this is what it is for." It is probably overkill. We produced two documents on the London Housing Bank and a lot about the strategic case for it, which if you are accessing funding you do not care about. One of the things we have done is produced a one-page term sheet that says, "This is how it works" and links to the weighty tome if you want more information but is not 30 pages we are dumping on people's desks.

**Gareth Bacon AM (Chairman):** Just one sweeping-up question. Have you had organisations approach you requesting information about the London Housing Bank who then ultimately have not taken it up? If you have, have you checked out with them why they did not?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** Yes, a number. One of the initial allocations was to a housing association that does not want to proceed. They said that the funding was not cheap enough and that they could borrow more cheaply, which probably is not strictly true. They have quite low levels of funding and quite a lot of housing associations arrange facility agreements to cover the whole of their business and they are charged non-utilisation fees against those facilities. There is a cost to them of borrowing money from someone else when they have some money here already. When you weigh those together, it might be just about true.

There were some organisations' bids that did not go through for specific reasons: one where there was a merger happening and the other major partner did not want to access this type of funding, a couple where the sites have fallen through, and a couple where planning is taking longer and they are less sure that this is the route that is going to work. One of the ones that we have spent the most time on, over 18 months to date, now looks like it might not go ahead. They seem to be arranging a corporate facility from a different funder and are less sure how our funding could fit together with that organisation, whereas previously we had been looking at a major bank where it would be easier for our funding to fit together. I am hoping to have a call with them soon to hopefully revive that.

**Gareth Bacon AM (Chairman):** It goes back to the 'lessons learned' question that Tom [Copley AM] asked earlier on. Nothing you have said there indicates that it is the product that we are offering that they are being repelled by, or our procedures or anything like that. It is more of a commercial decision not to.

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** Yes, except we have not been overwhelmed with people wanting it. There will be natural drop-off rate of people where it does not quite work. The HCA experience with these types of funds is that you probably need allocations of double the amount you have, and so probably you need bids of three or four times that amount and initial interest of five or six times that amount. We just have not had that volume.

**Gareth Bacon AM (Chairman):** Have we done enough to publicise the availability of this facility?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** No. We need to do more and we need to be clearer in terms of how we describe it, which comes back to that term sheet. For me, probably one of the key routes to it is through other lenders who are lending into build-to-rent, which is probably where this is going to appeal most. If we can align with them, they will be engaging with lots of organisations who are delivering these homes and we can see how we tie together. I am hopeful that will drive more going forward.

**Gareth Bacon AM (Chairman):** We are about to go into the budget-setting process here at City Hall. Is there going to be a proposal to reprioritise the London Housing Bank as part of that process?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** There is not currently. One of the challenges with this is that the loan agreement we have with DCLG ties its usage to the purpose that is set out in that funding document. In the rest of the country, the HCA has effectively scrapped its fund and passed the money back to DCLG. I am not particularly keen to do that. This is money that we could not necessarily use for another purpose and so trying to keep it within the existing contractual purpose guarantees that we will get to use the money for London.

**Gareth Bacon AM (Chairman):** OK. We will have to move on, unfortunately, because we are going to have to go through this at a bit of a gallop.

**Tom Copley AM:** Very quickly, how creative can you be? What are the exact terms? Can you be creative within that in refocusing it?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** I definitely should not say publicly how creative we can be.

**Len Duvall AM (Deputy Chair):** If we look at the key challenges that the GLA faces in delivering the Mayor's own housing commitments, let's just briefly summarise what they are and then what the risks are for the GLA

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** The first thing to say is just the overall scale of the London housing crisis, which as I said before, is significant and there is no one person that can solve it. It needs a whole range of people working together to address it over a significant period of time. The Mayor is keen to bring that range of organisations together under a common purpose and to start to tackle the housing crisis. However, it is going to take time - I am not going to repeat the 'marathon not a sprint' line - so there is a clear challenge there.

The other key one that I would flag is around affordable housing delivery. Within a few days of taking office, the Mayor published results of an audit around key housing delivery. One of the numbers surprised me when we looked into it, which was around the level of affordable housing permissions in 2014/15, which was just 12.8%. Previously we tended to look at the levels of completions through planning, which were holding up reasonably well, in the low 30s, high 20s, but 12.8% is incredibly low. We have not published the number for 2015/16 yet but it is marginally better, very marginally better. That level of low permissions will act as a drag on delivery for some years to come.

We are now in a position where the Mayor is pushing harder for more affordable housing and will be producing a Supplementary Planning Guidance (SPG) document soon that will make it clearer and hopefully deliver more affordable housing. Similarly, with the new funding we are negotiating with Government, it is going to take some time before the planning provisions being approved under the current Mayor translate into a pipeline. We have got a challenge of a drag on delivery if there are not as many permissions for affordable housing as we would like.

**Gareth Bacon AM (Chairman):** Can I just interject briefly? Is that 12.8% permissions granted of the total amount of planning permissions granted across London?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** In the 2014/15 year.

**Gareth Bacon AM (Chairman):** With that 12.8%, how big was the number of affordable housing applications? Is it a question of local authorities turning things down or is it a question of developers simply not putting the right number, or what we might think is the right number of affordable applications in? Do we have an analysis of that? If that 12.8% of the total number of planning permissions that are granted is 100% - so every affordable housing application that goes in gets approved - then it is a question of needing more applications. If it is not, then it could be that we can say that local authorities are turning down affordable housing applications. Do we have analysis on that?

**Len Duvall AM (Deputy Chair):** There is a further one: their capacity to receive these planning applications. Is the pre-application stage slowing down the process? I would like your comments on that, the capacity issue, our capacity here in the GLA as well as in London boroughs to deliver on some of these issues.

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** I definitely do not have the answer in terms of explaining the different reasons behind the 12.8%. I can take that away and see what we can do.

**Gareth Bacon AM (Chairman):** The starting point of my question was: what does that 12.8% represent as a percentage of the affordable housing applications? The 12.8% is of the total amount of permissions, is it not?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** Yes. There will be very few permissions that were all affordable housing. Most permissions will have a proportion of affordable housing within them. I do not think I have evidence to directly back this up but I would be fairly confident in asserting that in almost all cases - certainly overall - the amount that a developer put in is the proportion that they were initially prepared to deliver as affordable housing. Overall that would be higher through a negotiation process.

**Gareth Bacon AM (Chairman):** It comes down to viability, does it not?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** Yes.

**Gareth Bacon AM (Chairman):** Always. The amount of times I hear about, "We want to get them in". We have had targets of 50%, 35%, whatever, and on a site by site basis it all comes down to viability, inevitably. For a private developer, affordable housing can be reinterpreted as a tax on their profit. That may or may not

be a good thing but it may drive them away. That kind of analysis would be very interesting in terms of what we can do to --

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** We have a chart over time, which we could certainly send you, of the proportions of affordable housing as a percentage of overall. From, say, around 2009, market conditions have definitely been improving but that percentage is dropping rapidly. To claim that it is because market conditions have become more challenging cannot be the case because the overall numbers are pretty high. It is about 50,000 permissions being generated overall, which is quite a high number and shows that there is capacity to deliver a certain amount. It is unlikely to be skewed by some individual applications that are very difficult and therefore need lower levels of affordable housing, although I am sure there will be parts of that as well. More generally it just shows a lower level of priority being associated with affordable housing. We are already seeing under the current Mayor that people are understanding that affordable housing is very important and in planning applications they need to be looking at what they can do to drive up more affordable housing delivery.

**Gareth Bacon AM (Chairman):** What are you seeing that indicates that what you just said is true? After six months, I would be surprised if there has been a step-change. What are you seeing?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** There definitely has not been a step-change in delivery, it will take some time, but in terms of attitude of people and what level of affordable housing they are expecting that they have to deliver. Ultimately it comes down to certainty and it does not have to be a tax on profits. It is about land.

What a lot of house builders are saying to me is that if they were absolutely clear in terms of the level of affordable housing that they had to deliver, they could just price that into their model and offer somebody that amount. The challenge comes to them when there is some variability. They say to me that if they think another organisation is bidding against them and they are going to drive down the level of affordable housing, they have to do the same or they will not be able to pay enough for the land. The uncertainty in the system of knowing that you could drive down affordable housing basically self-reinforces that and means that you deliver less, whereas if you are very clear that this is a level that has to be delivered, that can translate into land values. That is certainly what the Mayor and James Murray [Deputy Mayor for Housing and Residential Development] want to achieve, which is partly the aim of the SPG document that will be coming out, but it is also hopefully going further in the London Plan in due course.

**Gareth Bacon AM (Chairman):** Is that going to set a target for affordable housing development on every development?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** The SPG is still being drafted. The clear intention behind it is to make it simpler and provide more certainty and we are still working out exactly the best way to do that. We will be able to go so far within the SPG document but all it can do is explain and interpret the existing policies that are in the London Plan, whereas when the London Plan is refreshed and renewed you can produce new policies that might be able to get you closer to something like that.

**Gareth Bacon AM (Chairman):** We are going to come on to the London Plan in a minute.

**Len Duvall AM (Deputy Chair):** That is all right. Let us move on. We have heard about tension between some of the GLA family in providing land for housing. Where does the profit go? Are we for affordable or are



they ploughing it back into their own organisation? I suppose it is very quickly to you, David. Those functional bodies have to maximise their income. How is that being managed within the Mayor's targets for percentage of affordable homes - maybe it is to you, Jamie [Ratcliff] - which have to be delivered and reflected, presumably in the budget somewhere when they all come together?

**David Gallie (Assistant Director - Group Finance, GLA):** If I just start on the budget process, what you will have in November is the functional bodies' submissions of their capital programmes, which will set out capital receipts assumptions. Behind those capital receipts assumptions will be some assessment, obviously, of the value they can get from disposals, which will ultimately imply some form of decision about affordable housing. There will be numbers that will have to be made to get to the budget that will underpin that disposals programme.

As to how that will play out, it is playing out as we speak. There are a whole series of discussions I am sure you will get into with each functional body around that process. Clearly from a functional body's point of view they are required to get best consideration, as you know. At the same time, that obviously plays up to, "Well, how does that then tie in with 50% or 35% affordable housing issue?" Those things will need to play out as the budget evolves and capital programmes evolve over the coming years, as and when the affordable housing targets increase.

**Len Duvall AM (Deputy Chair):** How do we end all the tension between those functional bodies and your bit?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** The key point for me is that TfL have said that they want to deliver 10,000 starts overall within this Mayor's term and that they want half of those to be affordable homes. The initial modelling that they have done suggests that they would be able to deliver that viably alongside the revenue assumptions that they need to generate to deliver their overall business plan. There is quite a lot more work needed on that, in terms of detailed, site-by-site investigations. That is very much at a headline level.

Certainly, my teams and the assistant director who is responsible for land, Simon Powell [Assistant Director - Strategic Projects and Property, Greater London Authority] are working very closely with TfL to see what we can do to support them to help make it work as best possible for them and to drive as many housing starts as possible and that as many as possible of them can be affordable.

**Len Duvall AM (Deputy Chair):** I look forward to seeing these figures of TfL's accounts and the fiction or non-fiction part of the accounts to see if they translate into practical actions. Sometimes they can just be book figures, can't they? What we have to see is what the reality is in the end between what they need to do and, what was it someone said? "Aspirations."

**David Gallie (Assistant Director - Group Finance, GLA):** There are two things going on. There is their commercial income target, £3.4 billion over ten years or some very long period, which obviously implies a mix of capital receipts disposals and also income from rental. At the same time, Simon [Powell, Assistant Director - Strategic Projects and Property, Greater London Authority, Jamie [Ratcliff] and the housing team can look at the affordable housing grant that they have available to square that circle. That is work that is taking place. Miraculously, there is a way in which some of that can work.

It is also worth pointing out it is not just within TfL. There is obviously work with the other functional bodies around their disposals of sites that we are looking at. There are clearly things with the police estate and the

history of London Fire and Emergency Planning Authority (LFEPA), of course, as well. We need to look not just within TfL to housing but also to the other functional bodies.

**Len Duvall AM (Deputy Chair):** Let us go back to one of the difficult issues. It is always strange in the GLA. I always think there is something bizarre and strange happening, and if I think it is sensible I need to be taken to some other institution. I get the bit about the politics, the difference between the last administration and this administration, but there is the issue about the new Homes for Londoners and the new Homes for Londoners board versus the previous new Homes for Londoners and the previous board. What is the difference? Have they have been simply rebranded? The real issue is: are they going to make a real difference in driving the new agenda? Just explain to us very simply why you think that that is the case. It clearly was difficult under the previous administration, as you have explained.

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** Obviously, it is completely different.

**Len Duvall AM (Deputy Chair):** But not the name.

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** There are three letters in the name but a lot of other things are different. The key first one is the Mayor is taking a personal role and responsibility. The Mayor will be chairing the Homes for Londoners board. It also has a wide range of representation on it: four different boroughs, the chair of the g15 of housing associations and two people representative of the commercial development sector. A wide range of people from the public, private and not-for-profit sectors are coming together to scrutinise housing delivery and performance across the whole of the GLA group and all of the other efforts of all our organisations to start to tackle the housing crisis.

It is going to be pretty focused in terms of information that it gets. One of the things that was in the Mayoral Decision that established the Homes for Londoners governance process was around a Single Programme Office, which my colleagues are just interviewing for at the moment, for data collection, to be able to bring together across the whole of the GLA group, particularly TfL and the Mayoral Development Corporations, as well as the Housing and Land Directorate. It will be clear information on performance and delivery in one place so it can be all scrutinised very clearly.

It is also going to commission and carry out a range of work in between the meetings. It will not just be that people turn up and nothing happens in between each meeting. There is a range of work going on to address some key issues. We are currently thinking through what might be commissioned for the first meeting with some ongoing work in between the following meetings.

It is also more than just a board. There is a viability team which is being recruited to help do that work, as I said, around providing greater challenge in terms of the levels of affordable housing, which should be provided through planning obligations and setting out clearly to developers that they will be scrutinised. People will be pushed on that.

**Len Duvall AM (Deputy Chair):** When you say those new teams, are they are based in the GLA? They are not at an arm's-length agency, they are here? Is it just refocusing and reformatting some of the resources we already have or acquiring some new resources?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** There are no current plans for a new organisation or arm's-length body. We see Homes for Londoners as a

description for all of the Mayor's work with a range of different partners, in terms of starting to tackle London's housing crisis. There have been additional resources which have been made available. The viability team is a new resource, as is the Single Programme Office, and without spoiling too much, for the budget bids we are looking for additional resource to help us get to grips with that better and to resource that to make sure that we can start to deliver --

**Len Duvall AM (Deputy Chair):** Our own capacity?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** Additional capacity.

**Len Duvall AM (Deputy Chair):** It is really a scrutiny body. It is the Mayor's scrutiny, seeing what is going on and everyone playing their part in it, isn't it? Are the people around the table the right people then?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** I am not sure if we have publicly said who they are, so I am going to say that just in case.

**Tom Copley AM:** You have. Well, I have seen a list. I am pretty sure I have seen a list.

**Len Duvall AM (Deputy Chair):** Let's talk generally.

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** I am not going to take the risk.

**Len Duvall AM (Deputy Chair):** You have spoken generally about where they are coming from, but are they the right people to drive this agenda?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** It brings together representatives of all the organisations that do need to work together in order to start to tackle the housing crisis. Whether the individuals work particularly well or the board as a whole functions, it is too early to tell. We have not had the first meeting. Certainly, conceptually and in terms of the appointments that we have, it puts us in a pretty good place.

**Len Duvall AM (Deputy Chair):** Is it transparent? Do we get to see some of this information at some stage or will we see it in a different format? It is about performance, isn't it? Where does that fit into your agenda?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** I would have to come back to you on that.

**Len Duvall AM (Deputy Chair):** OK.

**Gareth Bacon AM (Chairman):** We are going to have to invite you back. To be honest, this was the Mayor's key offer on what he identified as the number one problem in London. Homes for Londoners was going to be the key answer to it and measuring the progress and achievement of that is going to be one of the absolutely key accountable things.

**Len Duvall AM (Deputy Chair):** Can we just check this out then, in our process? There were two bodies established in the GLA that oversaw performance, one of the GLA family and one of the GLA core activities,

both chaired by Sir Edward Lister [former Chief of Staff and Deputy Mayor for Policy and Planning]. Maybe David Gallie could help us in a written way. Can we have some written narrative about the difference between those performance chasers? My understanding was those two were there.

Do you want me to move on to key performance issues?

**Gareth Bacon AM (Chairman):** Yes. That is a good segue, as a matter of fact.

**Len Duvall AM (Deputy Chair):** There were two processes there that were about the Mayor controlling it, or not. He [Boris Johnson MP, former Mayor of London] had someone looking at it. I presume Richard Blakeway [former Deputy Mayor for Housing, Land and Property] chaired it for a while. We are swapping Richard Blakeway for the Mayor on that. I would like to know where those other performance issues, in terms of monitoring activities, come in.

More importantly, we have had the Mayor's Chief of Staff [David Bellamy] before us. We were told that there would be some work around key performance indicators. We have not quite seen that yet and he did say it would be by this time. What are the key performance indicators that we can expect the Mayor to introduce for housing delivery and what discussions are going on with you about that?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** With the risk of sounding like a broken record, the key thing is getting the settlement with Government in terms of knowing the amount of money that we have and what the targets are that are associated with the money. We are not clear exactly what the different elements of the targets of Government are going to be yet. That is the key part that goes through.

Broadly, there will clearly be something around affordable housing starts, knowing, as I said, they are likely to be backloaded. Tom [Copley AM] has raised the point that there should also be a measurement of the number of bed spaces, which we certainly have not made a decision on. We are open to different suggestions on that and other things.

On Housing Zones, clearly it is not just about tracking the affordable housing delivery but the overall delivery. In Housing Zones, it is not just about performance metrics, being clear whether we are doing a good job or not doing a good job, but whether there are things that we could do better and faster and having a key way of identifying those blockages. Then we can address them.

It seems very likely there will be some metrics around public land as well, whether that is the GLA group. Obviously the GLA itself entered into a procurement or a disposal for all of the land that it inherited under the previous Mayor [Boris Johnson] so there is not further activity there, but there is clearly land across the GLA group and the wider public sector that we are keen to play a wider role in.

**Len Duvall AM (Deputy Chair):** Let us say day one is signing a bit of paper or an email exchange. On day two, will we see publication of those key performance indicators? Is there work going on? We are not waiting for the deal to be done. Something can be slotted in and we are quite clear that that is where we are going.

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** Day two might be slightly optimistic but there certainly is working going on and I would expect that --

**Len Duvall AM (Deputy Chair):** I am always optimistic.

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** -- we would be setting out progress within a couple of weeks of getting a funding decision on some if not all of the different elements of it.

**Len Duvall AM (Deputy Chair):** OK.

**David Gallie (Assistant Director - Group Finance, GLA):** Len, going back to your first question, I am happy to write in more detail. Essentially under the old administration we had the Investment Performance Board (IPB), which looked at performance+as well the investment decisions. Where we are at the moment is having a corporate investment board which looks at investment decisions weekly. The idea is that a performance board of some kind will be set up to look at key performance indicators and look into issues separately to investment decisions. We will write to you in more detail.

**Len Duvall AM (Deputy Chair):** Thank you very much.

**Gareth Bacon AM (Chairman):** We are going to have to move on fairly briskly.

**Tom Copley AM:** I wanted to know if you are expecting the Mayor to revise the Housing Strategy - I presume he is going to - and how any changes will affect the budget proposals for 2017/18 in future years?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** In reverse order, a key thing that is worth noting for the budget that will come before you at some point in the next few weeks is that we have not put in any estimates for how much money we are going to get from Government from this new process. There are 'to be confirmed's that will be put in once we have the confirmation from Government, which will be relatively soon.

In terms of the Housing Strategy, yes, there is a definitely an intention to revise that. The Mayor's overall vision document, *A City for All Londoners*, is currently being consulted upon and there are key housing elements to that. We have not finalised the timetable but I would probably expect some time towards the middle of next year we would want to be consulting on the Housing Strategy. A new London Plan will be coming out probably at a later stage so it can take account of other consultations that have happened.

**Tom Copley AM:** How tied in is the Housing Strategy? Are your hands a little bit tied by the current London Plan - or are the Mayor's hands, sorry, tied by the current London Plan - or can he pretty much put what he wants to put in to his Housing Strategy before the new plan is published?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** Ideally, the Strategy and the Plan mesh together quite well but there is no requirement that the Housing Strategy has to be in conformity with the Plan. You can go ahead and do different things. Obviously, we would want it to align with the new London Plan.

**Gareth Bacon AM (Chairman):** That would put a rather big loophole in things, would it not? If you wanted a step change in the way housing was done, local authorities would rely on the London Plan because it has statutory force, doesn't it? They would say, "Well, we have to abide by the London Plan," would they not?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** In producing their own housing strategies, they have to be in general conformity with the London Housing Strategy. However, there is no obligation for them to keep an up-to-date housing strategy.

**Gareth Bacon AM (Chairman):** They have done their housing strategies according to the policies laid out in the London Plan.

**Tom Copley AM:** You could alter them.

**Gareth Bacon AM (Chairman):** If the other is alive you have a problem, have you not?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** Yes. We definitely need to align them and we are working closely with planning colleagues to ensure that they are.

**Tom Copley AM:** Are you planning any alterations to the London Plan related to housing?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** There is an SPG document planned. The next one will be a full refresh.

**Tom Copley AM:** You are not planning to make any alterations in between now and the full refresh, except the SPG?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** Not that I am aware of. I could come back to you to doubly confirm that.

**Gareth Bacon AM (Chairman):** You applied for that type of specific SPG?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** Yes. The planning guidance can only help interpret existing policies. If you want to actually change policies, you need to go through a revision. You can do minor further --

**Tom Copley AM:** Minor Alterations to the London Plan (MALP'S) and Further Alterations to the London Plan (FALP'S) .

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** Yes MALP'S and FALP'S

**Tom Copley AM:** Yes. The SPGs has to tie in with what is there and provide further details.

**David Gallie (Assistant Director - Group Finance, Greater London Authority):** Just to manage expectations for your budget meeting on the 24th, including the GLA proposals, as Jamie [Ratcliff] says, we will not have the details of the Autumn Statement until the 23rd. The papers go out next week so the capital programme we will have for the GLA will obviously be a limited work in progress, which I am sure you will want to return to as the budget process develops over the next few months.

**Gareth Bacon AM (Chairman):** Yes, we will. There is time to do that. It is not great for the next meeting but we will have it all before we come to do the Mayor's budget.

**Tom Copley AM:** I will move on to the next bit because of time. What challenges does the Housing and Planning Act present to you and what are the key risks for starter homes, right to buy and things like that?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** I could spend hours talking about the Housing and Planning Act, so I won't.

**Gareth Bacon AM (Chairman):** It is your time so feel free.

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** The key thing I would say is one of the things it was criticised for a lot in Parliament, mainly in the Lords, was that so much of the detail was left to regulations. That was seen as a weakness but now, with the fact that quite a lot that is potentially damaging to London, the fact that the implementations are taking longer than envisaged and maybe the Government might be more pragmatic with those regulations is actually quite positive. If some of it had been hardwired into the Act then we could be in a less positive position. Clearly those regulations are being developed. Some of them may come out with the Autumn Statement or possibly later.

**Tom Copley AM:** I would love to ask you about the starter homes and things like that but I am guessing what you will tell me is you cannot say anything because negotiations are ongoing with the Government over funding and things like that. Maybe we will have to come back to you later on that one.

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** With pleasure.

**Tom Copley AM:** We have got now Gavin Barwell [Minister of State for Housing and Planning and Minister for London] doing housing, planning and London. What discussions has the Mayor had with the Minister and how do their Housing Strategies align?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** I have met him a couple of times and James Murray has had a number of meetings with him. I found him to be pragmatic, very keen to listen and to understand how things work in different places. I know James has had similarly pragmatic and positive conversations with him. The Mayor's met him at least once and had a recent phone call with him. He seems to very much understand that things will be done differently in London compared to the rest of the country and respects the Mayor's mandate in terms of backing for his housing vision. I do not think that means that the Mayor and him are going to agree on everything but generally he has been very warmly welcomed as the Housing and Planning Minister, particularly with a lot of pragmatism around recognising that there is a range of tenures. The previous Government was often criticised for being obsessed with home ownership to the detriment of a range of other things.

**Tom Copley AM:** Only his public announcements have suggested that, yes.

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** I found him in private to be similarly pragmatic and keen to listen and good to work with. This is slightly outside of my role but certainly he seems to be engaging and being pragmatic in his role as Minister for London and certainly the Mayor was very keen that he was a champion who could work alongside the Mayor to help make positive things happen for London. He seems to be embracing that role too.

**Tom Copley AM:** Obviously, he is only one Minister. A lot of this is determined elsewhere, Treasury, things like that. Even if Gavin Barwell and the Mayor are aligned on something it does not necessarily mean that that

is going to happen. What sense do you get that there is support in the rest of the Government for a decent devolution settlement?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):**

Probably where we are is that we are going to get a position on our funding, hopefully relatively soon. Maybe more wider devolution in relation to housing and planning might take longer. Government is currently looking at a white paper on housing supply, which could have some fairly significant changes for the way the planning and housing system works overall.

**Tom Copley AM:** We are going to have another Housing Bill very soon. OK. You said he respects the Mayor's mandate, but there may be issues where he disagrees personally but is willing to give the Mayor what the Mayor wants because the Mayor has a mandate and because London is different.

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** He has definitely said that.

**Tom Copley AM:** That is very good. My next question is what housing settlement you are hoping for from the Government. I doubt you are going to tell me that, are you?

**Jamie Ratcliff (Assistant Director - Policy, Programme and Services, Housing and Land, GLA):** Sorry, Tom, no.

**Tom Copley AM:** That is brilliant. No further questions then.

**Gareth Bacon AM (Chairman):** That was very smoothly rounded off, Tom. OK. Unfortunately we have had to gallop through this because the circumstances have changed. That is the end of the discussion on this. I thank Mr Ratcliff and Mr Gallie for their attendance today. I wish you a good journey to Manchester.