

GREATER LONDON AUTHORITY

REQUEST FOR DIRECTOR DECISION – DD2336

Title: Homebuilding Capacity Fund Allocations

Executive Summary:

In September 2018 MD2363 approved using £10m from the Business Rates Retention Pilot for the Build for London project and delegated detailed project level approval to the Executive Director - Housing & Land. This project is designed to support the delivery of the Mayor's housing and planning policies and includes the creation of a revenue fund – the Homebuilding Capacity Fund (HCF) – which will support councils to deliver their housing targets and support a pipeline of new affordable homes. Bidding for the fund closed on 25 January 2019. This decision form seeks approval for the proposed allocations of HCF funding.

Decision:

That the Executive Director - Housing and Land approves:

1. Expenditure of £9,764,000 in 2019-20 and 2020-21 of revenue funding allocations to councils for Homebuilding Capacity Fund proposals that form part of the Build for London project; and
2. Expenditure of up to £40,000 to commission an impact study to detail the impacts and outcomes of the Fund.

AUTHORISING DIRECTOR

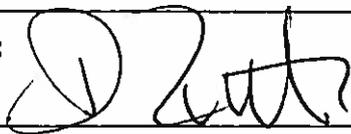
I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.

It has my approval.

Name: David Lunts

Position: Executive Director Housing and Land

Signature:



Date:

03/04/19

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

Background

- 1.1. In order to address affordability pressures and rising housing need, the draft London Plan sets a target of 66,000 new homes a year to be built in the capital over the next 10 years. In the shorter term, the Mayor has also committed to start building 116,000 genuinely affordable homes by March 2022. Achieving these targets will require innovative and ambitious approaches to delivering homes including a significant increase in council homebuilding and new approaches to planning that deliver good growth by maximising the proportion of genuinely affordable homes in new developments, optimising density, and encouraging development of small sites, as set out in the draft London Plan.
- 1.2. The London Housing Strategy sets out the central role that councils will play in achieving the step-change in housing supply that London requires, both in their role as homebuilders and as local planning authorities. However, with council budgets for planning and development falling by 50 per cent since 2010, many lack the resources and capacity to adopt the new skills and approaches required to deliver on their ambitions
- 1.3. MD2363 (to be published on 29 March 2019) allocated £10 million funding from the Business Rates Retention Pilot to deliver the Build for London project and delegated detailed project level approvals relating to this funding to the Executive Director – Housing & Land. £236k has been top sliced from the allocated £10m funding to employ the HCF Programme Officer and Construction Skills Officer leaving a net available fund of £9.764m. The **Build for London** project is designed to support implementation of the Mayor's housing and planning policies and includes the creation of a revenue funding programme using the remaining £9.764m – the Homebuilding Capacity Fund – which provided local authorities with the opportunity to bid for funding to build skills and capacity across their housing and planning teams.
- 1.4. The GLA published a prospectus for the Homebuilding Capacity Fund (the “**Fund**”) in October 2018. It invited councils to bid for revenue funding to support proposals contributing to one or more of fund's four priorities:
 - Delivering a new generation of council homes;
 - Increasing housing supply by supporting the development of small sites;
 - Proactive planning in areas with significant growth potential; and
 - Ensuring optimal density of new residential developments
- 1.5. The GLA invited councils to submit up to five individual proposals each as part of their bid. In addition, councils could submit bids jointly with other councils for additional proposals.
- 1.6. Bidding for the Fund opened in November 2018 and closed on 25th January 2019. In total, 32 councils, including five joint bids, bid for GLA funding across 109 proposals, with the £10m of available funding significantly over bid.

Assessment and allocations

- 1.7. Following the bidding process, GLA officers from both the Housing & Land and Planning Directorates assessed proposals using assessment criteria outlined in the Homebuilding Capacity Fund prospectus:
 - Strategic fit (40% weighting);
 - Value for money (30% weighting); and
 - Deliverability (30% weighting).

- 1.8. Senior managers from both the Housing & Land and Planning teams agreed the successful proposals at a moderation meeting in March 2019.
- 1.9. This report seeks approval for the expenditure of £9.764m (approximately £6m in 2019-20 and the balance in 2020-21) in the form of revenue funding allocations to councils as set out in the following table. In addition, the first call on any underspend of the Fund will be to commission an impact study (costing up to £40,000) to detail the outcomes and impacts of the completed proposals and overall programme (in the event of no underspends funding will be found from other Housing and Land budgets).

Local authority	No. of HCF proposals supported	Proposed allocation
City of London*	1	£43,377
City of Westminster Council	1	£180,000
Croydon Council	2	£521,000
London Borough of Barking and Dagenham*	2	£313,377
London Borough of Barnet**	3	£217,500
London Borough of Bexley	2	£290,000
London Borough of Brent	2	£628,000
London Borough of Camden	1	£157,000
London Borough of Ealing	4	£547,381
London Borough of Enfield	2	£554,474
London Borough of Hackney*	3	£168,377
London Borough of Hammersmith and Fulham	1	£230,000
London Borough of Haringey	3	£546,000
London Borough of Harrow**	6	£587,500
London Borough of Havering*	1	£43,377
London Borough of Hounslow	3	£500,000
London Borough of Islington	1	£180,000
London Borough of Lambeth	1	£239,418
London Borough of Lewisham	3	£525,000
London Borough of Merton	1	£366,000
London Borough of Newham*	2	£335,377
London Borough of Redbridge*	2	£163,377
London Borough of Southwark	2	£572,696
London Borough of Sutton	1	£70,000
London Borough of Tower Hamlets*	3	£138,377
London Borough of Waltham Forest*	3	£493,380
London Borough of Wandsworth	1	£100,000
Royal Borough of Greenwich	2	£650,012
Royal Borough of Kensington and Chelsea	1	£200,000
Royal Borough of Kingston upon Thames	1	£203,000
	61	£9,764,000

*Waltham Forest is the lead bidder on a joint training and skills proposal including Hackney, Redbridge, Tower Hamlets, Newham, Havering, City of London and Barking & Dagenham totalling £347,019. **Barnet is lead bidder on a joint town centre SPD proposal with Harrow totally £175,000. The funding has been divided equally between the LAs in this table.

Governance

- 1.10. The GLA will use the Open Project System to make payments and to manage the delivery of the Fund and its outputs. Local authorities will be required to enter into funding agreements detailing the scope of the proposals, outputs, timescales and funding bid for. Minor changes to proposal outputs and/or funding (for example timescales slipping or amendments to outputs which remain within the scope and purpose of the proposal) will be approved by the Executive Director - Housing and Land in accordance with the general delegation to senior members of staff contained within the Mayoral decision-making framework ("Mayoral Decision Making in the Greater London Authority").¹ To ensure there is an appropriate audit trail in place for these decisions, GLA officers will keep a Record in Writing of decisions (as defined in the framework).
- 1.11. Significant changes to agreed proposals or substitution of proposals in the event of a Council being unable to proceed will be subject to a fresh Director decision to reallocate funds.

2. Objectives and expected outcomes

2.1. The objectives of the Homebuilding Capacity Fund are to:

- Develop a sustainable increase in the capacity and skills of both housing and planning departments within councils;
- Promote the Mayor's good growth principles in housing delivery across London;
- Diversify the range of homebuilders, development models and sites for new homes in London; and
- Support the delivery of housing targets set out in the London Plan and the Building Council Homes for Londoners programme; and the Mayor's long-term target of 50 per cent of new homes being affordable.

2.2. The key proposed outputs in the successful proposals include direct employment of new staff (including planning, urban design, housing development, programme management, procurement), creation of masterplan and capacity studies to deliver new homes, training and skills capacity building.

2.3. This is a new approach for GLA funding and as such it is felt important that the impact is carefully evaluated. It is proposed that the first call on any underspend of the Fund should be to commission an impact study (costing up to £40,000) to detail the outcomes and impacts of the completed proposals and overall programme. If there are no underspends, then this funding will be found from other Housing and Land budgets. The impact study will be commissioned in late 2020 from an appropriately experienced consultancy and be procured with support from TfL Procurement in line with the GLAs Contracts and Funding Code with the final report to be delivered in March 2021.

3. Equality comments

3.1. Under section 149 of the Equality Act 2010, as public authorities, the Mayor and GLA are subject to a public-sector equality duty and must have 'due regard' to the need to (i) eliminate unlawful discrimination, harassment and victimisation; (ii) advance equality of opportunity between people who share a relevant protected characteristic and those who do not; and (iii) foster good relations between people who share a relevant protected characteristic and those who do not. Relevant protected characteristics under section 149 of the Equality Act are age, disability, gender re-assignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation, and marriage or civil partnership status (all except the last being "relevant" protected characteristics).

¹ Available here: https://www.london.gov.uk/sites/default/files/mayoral_decision-making_in_the_gla_-_apr_17.pdf

- 3.2 The Homebuilding Capacity Fund aims, by supporting councils' capacity to deliver new build Council-owned homes, including Council rented housing, intermediate rented housing, intermediate housing for sale, private rented housing, and market sale housing. Delivery of new Council rented housing is likely to have a positive impact on individuals in temporary accommodation as well as those who are vulnerable to homelessness. Data suggests that women², young people, and BAME³ communities are over-represented among those living in temporary accommodation. Furthermore, individuals with these protected characteristics as well as those who identify as LGBT+ and individuals with disabilities are known to be vulnerable to homelessness. As such, it is reasonable to anticipate a positive impact on people with these protected characteristics.
- 3.3 Delivery of mixed tenure developments will enable the Councils to foster good relations between communities by facilitating diverse and sustainable communities.
- 3.4 The proposed impact study will in part, consider the equalities impacts on individuals with protected characteristics, identifying where the Fund has delivered positive and negative equalities outcomes and impacts so that future funding can be targeted can better address equalities issues/eliminate negative impacts.

4. Other considerations

a) Risk management issues

Risk/issues	Mitigation
Councils may wish to use the allocated funding for projects or purposes other than those outlined in their initial proposal.	Funding will be paid on achievement of milestones in arrears and the grant agreement will specify that the funding must be used for the purposes and projects agreed. However, in recognition of the fact that the funding will be used over a two-year period and that circumstances may change during this time, this DD proposes that changes to proposal outputs and/or funding will be approved by the Executive Director for Housing and Land in accordance with the general delegation to senior members of staff contained within the Mayoral decision-making framework ("Mayoral Decision Making in the Greater London Authority"). ⁴ To ensure there is an appropriate audit trail in place for these decisions, GLA officers will keep a Record in Writing of decisions (as defined in the framework).
Councils will not spend all the funding provided.	GLA Officers will monitor the progress of projects closely, so that any potential underspend is identified early, and appropriate measures taken to address this.
Timescales proposed by councils in their proposals will slip, particularly if there are any delays with contracting.	Deliverability was one of the key criteria as part of the assessment process. In addition, bids which could identify significant milestones within the first year of funding were marked more highly, meaning that even if some delivery slips, significant outputs should still be achieved within the first two years.
Councils will not be able to recruit the staff we have provided funding for due to skills shortages in the sector.	The GLA has suggested that boroughs look at alternative/innovative methods of recruitment such as Public Practice. The funding is also spread across four different priorities which will require different skillsets, which should lessen the impact on staffing shortage.

² *ibid*

³ DCLG, Statutory Data on Homelessness, 2016

⁴ Available here: https://www.london.gov.uk/sites/default/files/mayoral_decision-making_in_the_gla_-_apr_17.pdf

4.1 The Homebuilding Capacity Fund is specifically designed to support councils to achieve the targets set out in the London Housing Strategy and draft London Plan.

5. Financial comments

5.1 This decision seeks approval for expenditure of £9.764m over 2019-20 and 2020-21 in the form of revenue funding allocations to councils, for Homebuilding Capacity Fund proposals that form part of the Build for London project and up to £40k, for an impact study.

5.2 The expenditure will be funded from the H&L Homebuilding Capacity Fund (HCF) Build for London fund allocation as approved in MD2363, with an approximate spend of £6m in 2019-20 and the balance in 2020-21.

6. Legal comments

6.1. The foregoing sections of this report indicate that:

6.1.1. The decisions requested of the director (in accordance with his delegated authority granted pursuant to MD2363 concern the exercise of the GLA's general powers, falling within the GLA's statutory powers to do such things considered to further or which are facilitative of, conducive or incidental to the promotion of economic development and wealth creation, social development or the promotion of the improvement of the environment in Greater London; and

6.1.2. In formulating the proposals in respect of which a decision is sought officers have complied with the Authority's related statutory duties to:

- pay due regard to the principle that there should be equality of opportunity for all people;
- consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom; and
- consult with appropriate bodies.

6.2. In taking the decisions requested, the director must have due regard to the Public Sector Equality Duty; namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010 and to advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic (race, disability, gender, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment) and persons who do not share it (section 149 of the Equality Act 2010). To this end, the director should have particular regard to section 3 (above) of this report.

6.3. Paragraph 1.9 above indicates that the contribution of £9,764,000 allocated to the councils (as detailed in the table at paragraph 1.9) amounts to the provision of grant funding and not payment for services. Officers must ensure that the funding is distributed fairly, transparently, in accordance with the GLA's equalities and in manner which affords value for money in accordance with the Contracts and Funding Code.

6.4. Officers must ensure that appropriate funding agreements are put in place between and executed by the GLA and recipients before any commitment to fund is made.

6.5. The proposed impact study must be procured by Transport for London Procurement who will determine the detail of the procurement strategy to be adopted in accordance with the GLA's Contracts and Funding Code.

- 6.6 Officers must ensure that appropriate contract documentation is put in place and executed by the successful bidder(s) and the GLA before the commencement of services.

7. Planned delivery approach and next steps

Activity	Timeline
Confirmation funding allocations	March 2019
Sign grant agreements with successful boroughs	April-July 2019
First payments	July 2019
Ongoing monitoring	March 2019-March 2021
Impact study commissioned	November 2020
Impact study completed	March 2021
Funding for proposals ends	March 2021

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:

Colin Keane has drafted this report in accordance with GLA procedures and confirms the following:

✓

Assistant Director/Head of Service:

Jamie Ratcliff has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

Financial and Legal advice:

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

✓

Corporate Investment Board

This decision was agreed by the Corporate Investment Board on 1 April 2019.

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

Date

07.04.19

TOM MIDDLETON ON BEHALF OF MARTIN CLARKE