

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD1589

### Title: Starter Homes Local Authority Funding Programme (Administration in London)

#### Executive Summary:

The Starter Homes Local Authority Funding Programme is a national fund launched by the Minister of State for Housing and Planning and the Mayor of London in October 2015. The Fund invited bids from across England to accelerate the supply of local authority land available for exemplar Starter Homes development.

The funding will help local authorities prepare vacant and underused brownfield land so that Starter Homes can be made available for first time buyers contributing to a national target of 200,000 Starter Homes by 2020.

The successful bid in London will be administered by the Greater London Authority (GLA).

#### Decision:

That the Mayor approves:

- the allocation of £854,718 to the London Borough of Barking & Dagenham (LBBD) (subject to receipt of funding from the Department for Communities and Local Government and entry into contract with LBBD), from the Starter Homes Local Authority Funding Programme to enable them to prepare land for Starter Homes development
- entry into agreement with LBBD for the delivery of their funding allocation from the Starter Homes Local Authority Funding Programme; and
- entry into an exchange of letters with the Department for Communities and Local Government for the receipt of £854,718 funding by the GLA for the successful London bid and for agreement to administer the programme in London.

#### Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision, and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date:

17.3.2016

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

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

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

- 1.1 In October 2015, the Department for Communities and Local Government (DCLG) and the Mayor of London launched the Starter Homes Local Authority Funding Programme. Local authorities were invited to bid for a share of £10m capital funding to accelerate the supply of local authority land available for exemplar Starter Homes development. The prospectus and additional information are available here: <https://www.gov.uk/government/collections/starter-homes-local-authority-funding-programme>.
- 1.2 Funding will be made on a grant funding non-recoverable basis and must be spent by March 2016 so that Starter Homes can be built in 2017 to 2018. The funding will help local authorities prepare exception sites, such as vacant and underused brownfield land, so that high-quality homes can be made available for first time buyers and contribute to a national target of 200,000 Starter Homes over the course of this Parliament.
- 1.3 The land eligible for funding in this programme must be exception sites, therefore not currently identified for housing in a local or neighbourhood plan or within the authority's 5 year housing land supply.
- 1.4 All bids were assessed against the criteria set out in the funding prospectus by a panel comprising representatives of the GLA, DCLG and Homes and Communities Agency. There was only one successful bid in London – from the London Borough of Barking and Dagenham (LBBD).

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

- 2.1 The GLA will enter into an exchange of letters with DCLG in order for the GLA to administer the Fund in London. DCLG will transfer the funding for the successful London bid to the GLA in order that the GLA can enter into a contract with LBBD and make the grant payment.
- 2.2 The funding will be spent on remediation works and site surveys on a site between Whiting Avenue and Gurdwara Way in Barking that is expected to deliver 44 new homes. This land is currently owned by LBBD, but is not currently identified for residential development. The borough completed the tendering process for the works at the end of December 2015 and will start works in March 2016. The funding will be drawn down in its entirety by March 2016.
- 2.3 Once the remediation and site survey work has been completed the borough will then be able to procure a developer to bring the site forward for development of the Starter Homes by March 2017. LBBD confirmed that the housing to be delivered on the site will comply with the Government's Starter Homes regulations.
- 2.4 The statutory framework for Starter Homes has not yet been fully published by the Government. LBBD will therefore review the product to be delivered with the GLA at the time the final regulatory framework surrounding Starter Homes has been published. This will ensure that the homes to be delivered will meet with the agreed policy once it has passed through the full legislative process.

### **3. Equality comments**

- 3.1 In administering this programme in London the GLA is implementing DCLG policy by giving grants to local authorities to carry out works to land, not providing grants or services to individuals. The funding agreement requires the local authority to use the grant in accordance with the Government's Starter Homes Exception Sites Planning Policy (as amended from time to time). This means that if the policy changes then the obligations in the funding agreement require compliance with the amended policy.

### **4. Other considerations**

- 4.1 The timescales for this fund are challenging, however the borough has detailed their commitment to meet them in their bid and are preparing the necessary steps to procure the remediation and site survey works once the allocation is confirmed and they are in contract. Officers will remain in regular contact with the Borough to discuss any issues and concerns as they arise.
- 4.2 The provision of these Starter Homes is additional to existing new supply projections included in the Mayor's Housing Strategy. These homes will contribute towards the Mayor's target to deliver 42,000 homes annually. The homes also help to support an increase in Londoners able to access a form of low cost home ownership by offering a substantial discount on the open market value.

### **5. Financial comments**

- 5.1 The document is seeking approval for the GLA to make a grant payment of £854,718 to the London Borough of Barking and Dagenham (LBBB) towards its Starter Homes project. This was the only successful Starter Homes bid in London, and DCLG is fully responsible for funding this project. The grant will be used to fund the cost of preparing the land for the Starter Homes development, and will be paid in arrears to LBBB. DCLG will pay the grant to the GLA and LBBB will reclaim its costs from GLA when the preparation work to the land has been completed. This initial phase of the project is expected to be completed by 31 March 2016. No major financial risks to the GLA, has been identified within this arrangement.

### **6. Legal comments**

- 6.1 Under section 30(1) of the Greater London Authority Act 1999 (as amended) ("the GLA Act"), the GLA has the power do "*anything*" it considers will further any one or more of its principal purposes; which are promoting (i) economic development and wealth creation (ii) social development and (iii) the improvement of the environment - in Greater London.
- 6.2 Section 34 of the GLA Act empowers the Mayor to do anything (including the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the exercise of any functions of the Authority exercisable by the Mayor.
- 6.3 The proposed funding to LBBB will help prepare a site for the development of Starter Homes and it is open to the GLA to take the view that funding this site remediation will promote both social and economic development and is therefore within its powers contained in Sections 30(1) and 34 of the GLA Act.

- 6.4 In exercising the power conferred by section 30(1) of the GLA Act, the Mayor must:
- (i) have regard to the effect that his decision will have on the health of persons in Greater London, health inequalities between persons living in Greater London, the achievement of sustainable development in the United Kingdom and climate change and its consequences (sections 30(3-5)) of the GLA Act;
  - (ii) pay due regard to the principle that there should be equality of opportunity for all people (section 33 of the GLA Act); and
  - (iii) have due regard to the Public Sector Equality Duty; namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010, and to advance equality of opportunity between persons who share a relevant protected characteristic (race, disability, gender, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment) and persons who do not share it and foster good relations between persons who share a relevant protected characteristic and persons who do not share it (section 149 of the Equality Act 2010);
- 6.5 As noted in section 3 above, in administering this programme in London the GLA is implementing DCLG policy by giving grant to a local authority to carry out works to land, not providing grants or services to individuals, and GLA officers are therefore satisfied that the above duties have been complied with.
- 6.6 The GLA funding to LBBD under this programme is grant funding. It is not being provided on a commercial basis and is not therefore a specified activity under Section 34A of the GLA Act and the Greater London Authority (Specified Activities Order) 2013/973 that is required to be provided through a GLA subsidiary.
- 6.7 The form of agreement to be used for this programme was attached to the Funding Prospectus. It was prepared by the Homes and Communities Agency and, for consistency across the programme, amendments for the GLA London version have been kept to a minimum. For state aid purposes, the GLA takes the view that funding under this programme is an “intrastate” financial transfer between public authorities and therefore does not constitute State Aid within the meaning of Article 107(1) of the Treaty of the Functioning of the European Union.
- 6.8 Officers must ensure that no legally binding commitment to the award of funding is given until the funding letter has been agreed with DCLG and appropriate funding documentation is put in place between and executed by the GLA and LBBD.

## 7. Investment & Performance Board

- 7.1 This decision was considered and endorsed by Housing Investment Group on 8 March 2016.

## 8. Planned delivery approach and next steps

Activity	Timeline
Announcement of allocations	December 2015
Completion of funding agreement	March 2016
Procurement of funded works by Borough	February 2016
Completion of funded works by Borough	March 2016

Start on site for Starter Homes	March 2018
Practical completion of Starter Homes	March 2019

**Appendices and supporting papers: None**

**Public access to information**

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after approval or on the defer date.

**Part 1 Deferral:**

**Is the publication of Part 1 of this approval to be deferred? NO**

If YES, for what reason:

Until what date: (a date is required if deferring)

**Part 2 Confidentiality:** Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

**Is there a part 2 form -NO**

**ORIGINATING OFFICER DECLARATION:**

Drafting officer to confirm the following (✓)

**Drafting officer:**

Jonathan Goldstraw has drafted this report in accordance with GLA procedures and confirms the following have been consulted on the final decision.

✓

**Assistant Director/Head of Service:**

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

✓

**Sponsoring Director:**

David Lunts has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

**Mayoral Adviser:**

Richard Blakeway has been consulted about the proposal and agrees the recommendations.

✓

**Advice:**

The Finance and Legal teams have commented on this proposal.

✓

**EXECUTIVE DIRECTOR, RESOURCES:**

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

Signature *M. J. Allen*

Date *15.3.16*

**CHIEF OF STAFF:**

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

Signature *Approved by Sr Edward  
Lister by email.*

Date *15.3.16*