



CABINET

Subject Heading:

Approval to enter into Approved Provider Grant Agreement (Local Authority) in relation to the Affordable Homes Programme 2016-2021

Cabinet Member:

Councillor Damian White - Deputy Leader of the Council and Cabinet Member for Housing

SLT Lead:

Steve Moore
Director of Neighbourhoods

Report Author and contact details:

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Policy context:

Havering Housing Strategy 2014-2017

HRA Business Plan 2017-2047

National Planning Policy Framework 2012

London Plan 2011

Havering Local Development Framework and Romford Area Action Plan 2008

Romford Development Framework 2015

Havering Proposed Submission Local Plan 2017

Financial summary:

This report seeks a Cabinet decision to enter into the grant agreement with the GLA for the provision of grant funding in the sum of £30,296,000 for the 2016 – 2021 programme to support the provision of affordable housing. The grant awarded is attributable to the 12 HRA Estates Regeneration JV Procurement.

Is this a Key Decision?

Yes

When should this matter be reviewed?

January 2019

Reviewing OSC:

Towns and Communities

The subject matter of this report deals with the following Council Objectives

Communities making Havering [✓]
Places making Havering [✓]
Opportunities making Havering [✓]
Connections making Havering [✓]

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SUMMARY

This report seeks approval from Cabinet to enter into the Approved Provider Grant Agreement (Local Authority) in relation to the Affordable Homes Programme 2016-2021 with the Greater London Authority (GLA) as the funding body.

RECOMMENDATIONS

1. **Approve** the entering into contract with the GLA for the provision of grant funding for the 2016 – 2021 programmes to support the provision of affordable housing.
2. **Agree** for the agreement be executed under the Council's common seal as a Deed and signed in accordance with the agreed scheme of delegations
3. **Agree** to delegate to the Leader of the Council, after consultation with the Director of Neighbourhoods, authority to agree and sign any extension, variation or general contract management powers.

REPORT DETAIL

In November 2016 the Mayor of London published the prospectus "Homes for Londoners: Affordable Homes Programme 2016-21" which outlined the bidding and award criteria for a new affordable housing programme. The programme was established in response to the GLA securing over £3bn from Government to help start building at least 90,000 affordable homes by March 2021. Approved providers, including the Council, were invited to submit bids.

The bid submitted centred on the project for the delivery of additional affordable housing associated with the proposed regeneration of 12 Housing Estates owned and managed by the Councils Housing Services department. The details of the bid submitted are contained in appendix one. The Council advised the GLA that the proposed scheme was subject to a procurement exercise being conducted in accordance with the Public Contracts Regulations 2015. Consequently at the time of bidding the timing details were indicative.

On the 13 July 2017 the Council was awarded **£30,296,000** subject to the entering into the Approved Provider Grant Agreement (Grant Agreement).

REASONS AND OPTIONS

Reasons for the Decision

By entering into the agreement the Council will access grant funding to complement a Joint Venture Limited Liability Partnership to bring forward the delivery of affordable housing associated with the 12 Estates Regeneration programme. Consequently the Council is therefore better placed to secure its regeneration.

Other options considered

To undertake the scheme without grant funding.

Rejected - A detailed financial appraisal was completed for the development of the sites in question. This confirmed the Council could not deliver the scheme from its existing resources without significant borrowing being required. The interest burdens would place pressure on the HRA Business Plan and remove the flexibility of the borrowing headroom attributable to the HRA.

IMPLICATIONS AND RISKS

Financial implications and risks:

If the Council does not enter into the Approved Provider Grant Agreement (Grant Agreement) this will have implications for the delivery of the 12 Estates Regeneration Programme.

Under the terms of the agreement, the GLA will provide £30.296 million of grant which would be used to fund the acquisition of the affordable homes by the proposed 12 estates joint venture on the first four estates. This is an indicative allocation, the Council has the opportunity to seek further grant for additional affordable units developed on the four sites.

The GLA agreement imposes a number of key conditions on the Council. A breach would result in the Council repaying a proportion of the grant to the GLA.

One of the key requirements is that the rents on the affordable homes are capped at the London Living rent levels. Annual increases are capped at CPI + 1%.

The receipt of this grant funding is key to the delivery of the project and reduces the risk of failure and impact on the amount of affordable housing being delivered.

Without the grant, the Council would be reliant on borrowing to help meet the cost of acquiring the affordable housing.

Legal implications and risks:

This report seeks authority to enter into a grant agreement with the GLA and is brought to Cabinet in accordance with Havering's Contract Procedure Rule 16.4 which requires contracts with a value of more than £10,000,000 to be reported to the Leader or Cabinet for approval and award of contract, depending upon the powers delegated.

The Council has a statutory duty under Section 8 of the Housing Act 1985 to consider housing conditions in its district and the needs of the district with respect to the provision of further housing accommodation.

Furthermore, as Section 1 of the Localism Act 2011 gives the Council a general power of competence, the Council has the power to receive grant funding and enter into a grant agreement.

The GLA, at its discretion, has reserved the right to recover from the Council, the total grant sum or part of the total grant sum due to:

- (A) a misrepresentation made by or on behalf of the Council;
- (B) an overpayment or error made by the GLA;
- (C) termination of the Grant Agreement in accordance with clauses 18.1 or 18.6;
- (D) the failure of any Early Start Project to achieve start on site by 31 March 2019;
- (E) the Council having breached specific obligations set out in the Grant Agreement (specifically Conditions **Error! Reference source not found.**, **Error! Reference source not found.**, **Error! Reference source not found.**, **Error! Reference source not found.** or **Error! Reference source not found.**);
- (F) the Council having failed to deliver a project for the development of AHP Dwellings in accordance with the agreed Named Project Details as set out in the GLA Open Project System;
- (G) the Council having defrauded or attempted to defraud or conspired to defraud the GLA or the Homes and Communities Agency;
- (H) the Council having offered any servant of the GLA any gift or consideration of any kind as an inducement or reward for any act in relation to the obtaining or performance of the Grant Agreement or for showing or not

showing favour or disfavour to any person in relation to the Grant Agreement;

- (I) the Council having entered into the Grant Agreement which commission has been paid or has been agreed to be paid by the Council or on its behalf or to its knowledge;
- (J) the Council having committed any offence under Legislation creating offences in respect of fraudulent acts, at common law in respect of fraudulent acts in relation to this Agreement or under the Bribery Act 2010.

The Grant Agreement also requires the Deputy Director for Legal and Governance to give a certificate that amounts to a warranty that the Council has the power and authority to enter into, observe and perform the terms and obligations under the Grant Agreement and has obtained all relevant consents and approvals (statutory or otherwise) to authorise the execution and delivery of the Agreement and the performance and validity of the obligations under it. She will rely on the advice of the solicitors instructed in this matter before completing the certificate.

Human Resources implications and risks:

There are no significant implications associated with the entering of this agreement relating to Human Resources policy or operations within service.

Equalities implications and risks:

The public sector equality duty under section 149 of the Equality Act 2010 (“PSSED”) requires the Council when exercising its functions to have due regard to:

- (i) the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) (ii) the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it and to foster good relations between those who have protected characteristics and those who do not. ‘

Protected characteristics’ include: gender, race and disability, sexual orientation, age, religion or belief, pregnancy and maternity and gender reassignment. The Council is committed to improving the quality of life for all, and supports wider social and economic growth through social and physical regeneration.

The wider implications associated with the project are addressed in a separate cabinet report. Consequently all matters associated as a result of entering this agreement are addressed.

Cabinet, 17 January 2018

None