



City of Westminster

Cabinet Member Report

Meeting or Decision Maker:	Cabinet Member for Climate Action, Regeneration & Renters Cabinet Member for Finance and Council Reform
Date:	11 October 2022
Classification:	General Release but that Appendix B be declared exempt from publication as the business to be transacted involves the disclosure of information as prescribed by paragraph 3 of Part 1 of Schedule 12a of the Local Government Act 1972, as amended, in that they contain information relating to information relating to the financial or business affairs of any particular person (including the authority) as per paragraph 2.2 below.
Title:	GLA Negotiated grant Agreement for Affordable Homes Funding for Funding Uplift
Wards Affected:	Homes funded under this agreement in multiple wards
Policy Context:	Additional funding secured under this agreement will support the delivery of affordable housing in the borough.
Key Decision:	This report is key as it significantly impacts two or more wards.
Financial Summary:	The total initial allocation of funding anticipated under this grant agreement is £9,915,000.

Report of:

Executive Director of Growth, Planning and
Housing

1. Executive Summary

- 1.1 In 2019, Westminster City Council (WCC) entered a grant agreement with the Greater London Authority (GLA) to fund the Council's delivery of affordable housing under their 'Affordable Homes Programme (AHP) 2016-21', securing c.£15m of funding for both social and intermediate rent homes across its programme.
- 1.2 The agreement provided funding of £70k per home for London Affordable Rent (i.e., social rent) and £28k for each intermediate tenure home. However, the Council has recently negotiated an increase of £30k for London Affordable Rent to £100k for each home due to start construction before March 2023.
- 1.3 Reflecting the grant uplift, Queens Park Court and Torridon House now have a total funding allocation of £3,600,000. However, in order to claim the uplifted grant amounts the council is required to enter into a 'negotiated' funding agreement (see Appendix B).
- 1.4 £1,800,000 allocation was also approved in principle for 5 x further infill schemes however due to the current forecasted programme, these schemes will not meet the required parameters of the programme and will be withdrawn.
- 1.5 This funding agreement will also cover £6.3m funding for Purchases under the Right to Buy, Buy Back Programme. A separate Cabinet Member report in relation to this has been approved and implemented 3 August 2022 (decision JCM22-04). See Appendix A.

2. Recommendations

That the Cabinet Member for Climate Action, Regeneration & Renters and Cabinet Member for Finance & Council Reform:

- 2.1 Approves the Council to enter into the Negotiated Contract Grant Agreement with the GLA for the AHP 2016-23 programme, as set out in Appendix B.
- 2.2 That Appendix B attached to this report be exempt from disclosure by virtue of the Local Government Act 1972 Schedule 12A, Part 1, paragraph 3 as amended, in that they contain information relating to the financial or business affairs of the Council.

3. Reasons for Decision

- 3.1 Funding from the GLA supports WCC's strategic approach to deliver additional affordable homes in the city, including social rented homes.

- 3.2 The homes delivered under this programme will be provided as social rent tenancies and will be made available to either existing council tenants who have priority for a transfer or to homeless households.
- 3.3 Capital funding provided will support scheme viability and increase the number of homes that can be developed for those households in social housing need.

4. Background, including Policy Context

- 4.1 The Council has a strategic objective to maximise the provision of affordable housing within the City. Grant funding helps the Council increase the number of affordable homes while maintaining financial viability on its schemes.
- 4.2 The Council secured over £15m in GLA grant funding under their Affordable Homes Programme 2016-23. 50% of the grant can be claimed when a project starts on site, and the remainder on practical completion. To date over £4m in grant funding has been drawn down.
- 4.3 The programme includes fixed grant rates of £70,000 for each Social Rented (London Affordable Rent) home and £28,000 for each Intermediate rent home.
- 4.4 The GLA has now confirmed that increased grant rates of £100,000 are available for social rent homes (London Affordable Rent) delivered under the current AHP. Grant rates for intermediate homes remain unchanged at £28,000 per home.
- 4.5 In order to secure the grant uplift, a project must be submitted on the GLA's online portal and approved by the GLA's Affordable Housing Panel. Evidence supporting a request for increased grant must be provided, setting out scheme viability position in order for the GLA to assess.
- 4.6 Grant uplift has recently been approved in principle by the GLA across two infills schemes totalling £3.6m. The grant is conditional upon entering into this negotiated grant agreement and construction starting on site by March 2023.
- 4.6 This grant agreement will also cover any additional grant increases for social rent homes being delivered within the current AHP and on site before March 2023.

5. Financial Implications

- 5.1 The negotiated contract recommended for approval in this paper would increase the level of GLA grant received by the Council on Torridon House and Queens Park Court developments. Both projects are part of Package B, a

group of infill sites which were procured as a single lot. These sites received approval to enter into a main works contract through a CMR in September 2022.

- 5.2 While the uplift of grant is above the current budgeted level, it has been included in the viability of both schemes and contributes to funding the additional costs arising from global events, namely inflationary pressures on materials and labour.
- 5.3 If the Council chose not to enter the negotiated contract, it would forego the uplift of £1.1m funding, however, grant of £2.7m can still be claimed under the original grant agreement. The loss of grant would need to be funded, likely through borrowing.
- 5.3 The negotiated contract does not add any further financial restrictions on the Council above and beyond those already agreed under the grant agreement with the GLA.

6. Legal Implications

- 6.1 The City Council can enter into the grant funding arrangements using its general power of competence under the Localism Act 2011.
- 6.2 The GLA grant agreement (the Agreement) attached at Appendix B is a standard form of grant agreement. The City Council will have to enter into the Agreement in order to obtain the funding. Officers should be fully familiar with their terms when applying drawdown on the fund so as to avoid any potential clawback.
- 6.3 The City Council should ensure that any contracts entered into in connection with the delivery of the development schemes include the same terms as those contained in the Agreement, where applicable, in order to fulfil its obligations under the Agreement.
- 6.4 The Agreement requires the Director of Law to sign an Opinion 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 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.
- 6.5 The Agreement is required to be sealed by the City Council and Legal Services can organise such sealing once approval to proceed is accorded.

7. Carbon Impact

- 7.1 A carbon impact assessment is not applicable to this report, as the decision will approve funding for projects already within the council's business plan. Associated projects will be required to undertake individual carbon impact assessments.
- 7.2 However, this funding programme includes requirements for associated schemes to meet Sustainability, Design and Building Control requirements and standards and will therefore support the council's commitment to delivering sustainable and high-quality affordable homes.

8. Equalities Impact

- 8.1 The delivery of these properties will provide additional social rented supply and positively impact on those households the council has a statutory duty to.
- 8.1 The mix of social rent dwelling sizes being funded: 5 x 1bed (13%), 16 x 2bed (44%), 13 x 3bed (36%), 2 x 4bed (5%) broadly reflects the primary size of homes needed to address the council's current social need that is overwhelmingly for 2bed and larger sized homes.
- 8.1 The table below demonstrates that of the 4,019 households currently on the housing register, the size of homes required are 303(13%) studios, 333 (8%) 1beds, 1,516 (38%) 2beds, 1,263 (31%) 3beds and 386(10%) are 4beds+

Applicants Registered as at 25.07.22 by bed size required	Studio	1-Bed	2-Bed	3-Bed	4+ Bed	Total
Number of households	521	333	1516	1263	386	4019

9. Consultation

- 9.1 No Ward Members consultation has been undertaken as these properties are being purchased are in multiple wards.

If you have any queries about this Report or wish to inspect any of the Background Papers, please contact:

Joe Smith, Senior Programme Manager jsmith1@westminster.gov.uk

APPENDICES

Appendix A – Cabinet Member Report – Funding for Purchases Under the Right to Buy, Buy Back Programme

Appendix B – (Exempt from Publication) Negotiated Contract Grant Agreement (Local Authority Version)

BACKGROUND PAPERS

- N/A

NB: For individual Cabinet Member reports only

For completion by the **Cabinet Member Climate Action, Regeneration and Renters**

Declaration of Interest

I have <no interest to declare / to declare an interest> in respect of this report

Signed: 

Date: 11/10/2022

NAME: **Councillor Matt Noble**

State nature of interest if any:

(N.B: If you have an interest, you should seek advice as to whether it is appropriate to make a decision in relation to this matter)

For the reasons set out above, I agree the recommendation(s) in the report entitled **GLA Negotiated grant Agreement for Affordable Homes Funding for Funding Uplift** and reject any alternative options which are referred to but not recommended.

Signed: 

Cabinet Member for Climate Action, Regeneration & Renters

11/10/2022

Date:

If you have any additional comment which you would want actioned in connection with your decision you should discuss this with the report author and then set out your comment below before the report and this pro-forma is returned to the Secretariat for processing.

Additional comment:

If you do not wish to approve the recommendations, or wish to make an alternative decision, it is important that you consult the report author, the Director of Law, City Treasurer and, if there are resources implications, the Director of People Services (or their representatives) so that (1) you can be made aware of any further relevant considerations that you should take into account before making the decision and (2) your reasons for the decision can be properly identified and recorded, as required by law.

Note to Cabinet Member: Your decision will now be published and copied to the Members of the relevant Policy & Scrutiny Committee. If the decision falls within the criteria for call-in, it will not be implemented until five working days have elapsed from publication to allow the Policy and Scrutiny Committee to decide whether it wishes to call the matter in.

NB: For individual Cabinet Member reports only

For completion by the **Cabinet Member Finance & Council Reform**

Declaration of Interest

I have <no interest to declare / to declare an interest> in respect of this report



Signed:

Date: 11/10/2022

NAME: **Councillor David Boothroyd**

State nature of interest if any:

(N.B: If you have an interest, you should seek advice as to whether it is appropriate to make a decision in relation to this matter)

For the reasons set out above, I agree the recommendation(s) in the report entitled **GLA Negotiated grant Agreement for Affordable Homes Funding for Funding Uplift** and reject any alternative options which are referred to but not recommended.

Signed:



Cabinet Member for Finance & Council Reform

Date:

11/10/2022

If you have any additional comment which you would want actioned in connection with your decision you should discuss this with the report author and then set out your comment below before the report and this pro-forma is returned to the Secretariat for processing.

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