



C A B I N E T

Monday 28 February 2022
at 5.30 pm

The live stream can be viewed here:

Members of the Committee:

- Mayor Philip Glanville, Mayor (Chair)
- Councillor Anntoinette Bramble, Deputy Mayor and Cabinet Member for Education, Young People and Children's Social Care (Vice-Chair)
- Councillor Robert Chapman, Cabinet Member for Finance
- Councillor Mete Coban MBE
- Councillor Susan Fajana-Thomas
- Councillor Christopher Kennedy, Cabinet Member for Health, Adult Social Care and Leisure
- Councillor Clayeon McKenzie, Cabinet Member for Housing Services
- Councillor Guy Nicholson, Deputy Mayor for housing supply, planning, culture and inclusive economy
- Councillor Carole Williams, Cabinet Member for Employment, Skills and Human Resources
- Councillor Caroline Woodley, Cabinet Member for Families, Early Years and Play

Councillor Sem Moema
Councillor Yvonne Maxwell
Councillor Sade Etti

Mark Carroll
Chief Executive
Friday 18 February 2022
www.hackney.gov.uk

Contact: Jessica Feeney
Governance Services Officer
MeetingEmail

Cabinet

Monday 28 February 2022

Agenda

1 Apologies for Absence

2 Urgent Business

The Chair will consider the admission of any late items of Urgent Business. (Late items of Urgent Business will be considered under the agenda item where they appear. New items of Urgent Business will be dealt with under Item 16 below. New items of exempt business will be dealt with at Item 19 below).

3 Declarations of interest - Members to declare as appropriate

A Member with a disclosable pecuniary interest or a prejudicial interest in a matter who attends a meeting of the authority at which the matter is considered:

- (i) must disclose the interest at the start of the meeting or when the interest becomes apparent, and
- (ii) may not participate in any discussion or vote on the matter and must withdraw from the meeting room.

A Member who discloses at a meeting a disclosable pecuniary interest which is not registered in the Register of Members' Interests or the subject of a pending notification must notify the Monitoring Officer of the interest within 28 days of the disclosure.

Disclosable pecuniary interests, personal interests and prejudicial interests are defined at Paragraphs 8.1-15.2 of Section Two of Part 5 of the Constitution and Appendix A of the Members' Code of Conduct.

4 Notice of intention to conduct business in private, any representations received and the response to any such representations

On occasions part of the Cabinet meeting will be held in private and will not be open to the public if an item is being considered that is likely to lead to the disclosure of exempt or confidential information. In accordance with the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 (the "Regulations"), members of the public can make representations about why that part of the meeting should be open to the public.

This agenda contains exempt items as set out at **Item 17 : Exclusion of the Press and Public**. No representations with regard to these have been received.

This is the formal 5 clear day notice under the Regulations to confirm that this Cabinet meeting will be partly held in private for the reasons set out in this Agenda.

5 Questions/Deputations

5.1 Question received from Ruth Parkinson a member of the public.

'Hackney Council commissioned an independent survey on LTNs by Opinion Research Services which is closed. So could the council indicate where are the results published so residents can access it and if unpublished the date it will be published and an explanation as to why it is not already available?'

The deadline for questions from members of the public is 12 noon, four clear working days before the meeting (Monday 21 February). If you wish to submit a question you can do so by emailing governance@hackney.gov.uk or via the Council website here

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<https://hackney.gov.uk/getting-involved-and-participating-in-council-meetings>

A supplementary agenda including any questions if submitted to Cabinet will be circulated shortly after this deadline.

6 Unrestricted minutes of the previous meeting of Cabinet held on 26 January 2022

To agree the minutes of the previous meeting of Cabinet held on 26 January 2022.

7 2022/23 Budget And Council Tax Report - Key Decision No FCR R93

8 2021/22 Overall Financial Position that takes account of the estimated financial impact of Covid-19 and the on-going emergency - Key Decision No. FCR R91

9 Capital Update and Property Disposals and Acquisitions Report - Key Decision No. FCR R92

10 GLA Homes for Londoners: Affordable Homes Programme 2021-2026 - Acceptance of Grant - Key Decision No. CE S061

11 Hackney Housing Company Limited - Annual Report of Directors - Key Decision No. FCR S044

12 Education Sufficiency and Estate Strategy - Key Decision No. CE S034

13 Lease of Cape House for General Needs Temporary Accommodation - Key Decision No. FCRS048

14 Woodberry Down Phase 4 - Proposed Serving Of Demolition Notices, Suspension Of Right To Buy And CPO Preparatory Work - Key Decision No. FCR R93

15 Appointment of Local Authority Governors - Non Key Decision

16 New items of unrestricted urgent business

To consider any items admitted at Item 2 above.

17 Exclusion of the press and public

Note from the Governance Services Manager

Items 18 allows for the consideration of exempt information in relation to items 13 respectively.

RESOLVED:

That the press and public be excluded from the remainder of the meeting as the items below contain exempt information, as defined under paragraph, 3 & 5 of Part 1, schedule 12A of the Local Government Act 1972.

18 Lease of Cape House of General Needs Temporary Accommodation

19 New items of exempt urgent business

To consider any EXEMPT items admitted at Item 2 above.

Public Attendance

The Town Hall is not presently open to the general public, and there is limited capacity within the meeting rooms. However, the High Court has ruled that where meetings are required to be 'open to the public' or 'held in public' then members of the public are entitled to have access by way of physical attendance at the meeting. The Council will need to ensure that access by the public is in line with any Covid-19 restrictions that may be in force from time to time and also in line with public health advice.

Those members of the public who wish to observe a meeting are still encouraged to make use of the live-stream facility in the first instance. You can find the link on the agenda front sheet.

Members of the public who would ordinarily attend a meeting to ask a question, make a deputation or present a petition will be able to attend if they wish. They may also let the relevant committee support officer know that they would like the Chair of the meeting to ask the question, make the deputation or present the petition on their behalf (in line with current Constitutional arrangements).

In the case of the Planning Sub-Committee, those wishing to make representations at the meeting should attend in person where possible.

Regardless of why a member of the public wishes to attend a meeting, they will need to advise the relevant committee support officer of their intention in advance of the meeting date. You can find contact details for the committee support officer on the agenda front page. This is to support track and trace. The committee support officer will be able to confirm whether the proposed attendance can be accommodated with the room capacities that exist to ensure that the meeting is covid-secure.

As there will be a maximum capacity in each meeting room, priority will be given to those who are attending to participate in a meeting rather than observe.

Members of the public who are attending a meeting for a specific purpose, rather than general observation, are encouraged to leave the meeting at the end of the item for which they are present. This is particularly important in the case of the Planning Sub-Committee, as it may have a number of items on the agenda involving public representation.

Before attending the meeting

The public, staff and councillors are asked to review the information below as this is important in minimising the risk for everyone.

If you are experiencing covid symptoms, you should follow government guidance. Under no circumstances should you attend a meeting if you are experiencing covid symptoms.

Anyone experiencing symptoms of Coronavirus is eligible to book a swab test to find out if they have the virus. You can register for a test after checking your symptoms through the NHS website. If you do not have access to the internet, or have difficulty with the digital portals, you are able to call the 119 service to book a test.

If you're an essential worker and you are experiencing Coronavirus symptoms, you can apply for priority testing through GOV.UK by following the guidance for essential workers. You can also get tested through this route if you have symptoms of coronavirus and live with an essential worker.

Availability of home testing in the case of people with symptoms is limited, so please use testing centres where you can.

Even if you are not experiencing covid symptoms, you are requested to take an asymptomatic test (lateral flow test) in the 24 hours before attending the meeting.

You can do so by visiting any lateral flow test centre; details of the rapid testing sites in Hackney can be found here. Alternatively, you can obtain home testing kits from pharmacies or order them here.

You must not attend a lateral flow test site if you have Coronavirus symptoms; rather you must book a test appointment at your nearest walk-through or drive-through centre.

Lateral flow tests take around 30 minutes to deliver a result, so please factor the time it will take to administer the test and then wait for the result when deciding when to take the test.

If your lateral flow test returns a positive result then you must follow Government guidance; self-isolate and make arrangements for a PCR test. Under no circumstances should you attend the meeting.

Attending the Town Hall for meetings

To make our buildings Covid-safe, it is very important that you observe the rules and guidance on social distancing, one-way systems, hand washing, and the wearing of masks (unless you are exempt from doing so). You must follow all the signage and measures that have been put in place. They are there to keep you and others safe.

To minimise risk, we ask that Councillors arrive fifteen minutes before the meeting starts and leave the meeting room immediately after the meeting has concluded. The public will be invited into the room five minutes before the meeting starts.

Members of the public will be permitted to enter the building via the front entrance of the Town Hall no earlier than ten minutes before the meeting is scheduled to start. They will be required to sign in and have their temperature checked as they enter the building. Security will direct them to the Chamber or Committee Room as appropriate.

Seats will be allocated, and people must remain in the seat that has been allocated to them.

Refreshments will not be provided, so it is recommended that you bring a bottle of water with you.

RIGHTS OF PRESS AND PUBLIC TO REPORT ON MEETINGS

Where a meeting of the Council and its committees are open to the public, the press and public are welcome to report on meetings of the Council and its committees, through any audio, visual or written methods and may use digital and social media providing they do not disturb the conduct of the meeting and providing that the person reporting or providing the commentary is present at the meeting.

Those wishing to film, photograph or audio record a meeting are asked to notify the Council's Monitoring Officer by noon on the day of the meeting, if possible, or any time prior to the start of the meeting or notify the Chair at the start of the meeting.

The Monitoring Officer, or the Chair of the meeting, may designate a set area from which all recording must take place at a meeting.

The Council will endeavour to provide reasonable space and seating to view, hear and record the meeting. If those intending to record a meeting require any other reasonable facilities, notice should be given to the Monitoring Officer in advance of the meeting and will only be provided if practicable to do so.

The Chair shall have discretion to regulate the behaviour of all those present recording a meeting in the interests of the efficient conduct of the meeting. Anyone acting in a disruptive manner may be required by the Chair to cease recording or may be excluded from the meeting.

Disruptive behaviour may include: moving from any designated recording area; causing excessive noise; intrusive lighting; interrupting the meeting; or filming members of the public who have asked not to be filmed.

All those visually recording a meeting are requested to only focus on recording councillors, officers and the public who are directly involved in the conduct of the meeting. The Chair of the meeting will ask any members of the public present if they have objections to being visually recorded. Those visually recording a meeting are asked to respect the wishes of those who do not wish to be filmed or photographed. Failure by someone recording a meeting to respect the wishes of those who do not wish to be filmed and photographed may result in the Chair instructing them to cease recording or in their exclusion from the meeting.

If a meeting passes a motion to exclude the press and public then in order to consider confidential or exempt information, all recording must cease and all recording equipment must be removed from the meeting. The press and public are not permitted to use any means which might enable them to see or hear the

proceedings whilst they are excluded from a meeting and confidential or exempt information is under consideration.

Providing oral commentary during a meeting is not permitted.

ADVICE TO MEMBERS ON DECLARING INTERESTS

Hackney Council's Code of Conduct applies to all Members of the Council, the Mayor and co-opted Members.

This note is intended to provide general guidance for Members on declaring interests. However, you may need to obtain specific advice on whether you have an interest in a particular matter. If you need advice, you can contact:

- Director of Legal and Governance Services
- the Legal Adviser to the committee; or
- Governance Services.

If at all possible, you should try to identify any potential interest you may have before the meeting so that you and the person you ask for advice can fully consider all the circumstances before reaching a conclusion on what action you should take.

You will have a disclosable pecuniary interest in a matter if it:

- i. relates to an interest that you have already registered in Parts A and C of the Register of Pecuniary Interests of you or your spouse/civil partner, or anyone living with you as if they were your spouse/civil partner;
- ii. relates to an interest that should be registered in Parts A and C of the Register of Pecuniary Interests of your spouse/civil partner, or anyone living with you as if they were your spouse/civil partner, but you have not yet done so; or
- iii. affects your well-being or financial position or that of your spouse/civil partner, or anyone living with you as if they were your spouse/civil partner.

If you have a disclosable pecuniary interest in an item on the agenda you must:

- i. Declare the existence and nature of the interest (in relation to the relevant agenda item) as soon as it becomes apparent to you (subject to the rules regarding sensitive interests).
- ii. You must leave the meeting when the item in which you have an interest is being discussed. You cannot stay in the meeting whilst discussion of the item takes place and you cannot vote on the matter. In addition, you must not seek to improperly influence the decision.
- iii. If you have, however, obtained dispensation from the Monitoring Officer or Standards Committee you may remain in the meeting and participate in the meeting. If dispensation has been granted it will stipulate the extent of your involvement, such as whether you can only be present to make representations, provide evidence or whether you are able to fully participate and vote on the matter in which you have a pecuniary interest.

Do you have any other non-pecuniary interest on any matter on the agenda which is being considered at the meeting?

You will have 'other non-pecuniary interest' in a matter if:

- i. It relates to an external body that you have been appointed to as a Member or in another capacity; or
- ii. It relates to an organisation or individual which you have actively engaged in supporting.

If you have other non-pecuniary interest in an item on the agenda you must:

- i. Declare the existence and nature of the interest (in relation to the relevant agenda item) as soon as it becomes apparent to you.
- ii. You may remain in the meeting, participate in any discussion or vote provided that contractual, financial, consent, permission or licence matters are not under consideration relating to the item in which you have an interest.
- iii. If you have an interest in a contractual, financial, consent, permission or licence matter under consideration, you must leave the meeting unless you have obtained a dispensation from the Monitoring Officer or Standards Committee. You cannot stay in the meeting whilst discussion of the item takes place and you cannot vote on the matter. In addition, you must not seek to improperly influence the decision. Where members of the public are allowed to make representations, or to give evidence or answer questions about the matter you may, with the permission of the meeting, speak on a matter then leave the meeting. Once you have finished making your representation, you must leave the meeting whilst the matter is being discussed.
- iv. If you have been granted dispensation, in accordance with the Council's dispensation procedure you may remain in the meeting. If dispensation has been granted it will stipulate the extent of your involvement, such as whether you can only be present to make representations, provide evidence or whether you are able to fully participate and vote on the matter in which you have a non pecuniary interest.

Further Information

Advice can be obtained from Dawn Carter-McDonald, Director of Legal and Governance Services via email dawn.carter-mcdonald@hackney.gov.uk



DRAFT UNRESTRICTED MINUTES OF A MEETING OF THE CABINET

MONDAY, 24TH JANUARY 2022

Chair	Mayor Phillip Glanville
Councillors Present:	Cllr Anntoinette Bramble, Deputy Mayor (Statutory) and Cabinet Member for Education, Young People and Children’s Social Care; Cllr Robert Chapman, Cabinet Member for Finance; Cllr Mete Coban, Cabinet Member for Energy, Waste, Transport and Public Realm; Cllr Susan Fajana Thomas, Cabinet Member for Community Safety; Cllr Chris Kennedy, Cabinet Member for Health, Adult Social Care and Leisure; Cllr Clayeon McKenzie, Cabinet Member for Housing Services; Cllr Guy Nicholson, Deputy Mayor and Cabinet Member for Housing Supply, Planning, Culture and Inclusive Economy; Cllr Carole Williams, Cabinet Member for Employment, Skills & Human Resources.
	<u>Virtually Present</u> Cllr Sade Etti, Mayoral Adviser for Homelessness, Housing Needs and Rough Sleeping; Cllr Yvonne Maxwell, Mayoral Adviser for Older People; Cllr Sem Moema, Mayoral Adviser for Private Renting and Housing Affordability; Cllr Caroline Woodley, Cabinet Member for Families, Early Years Parks and Play.
Officers in Attendance	Ajman Ali, Group Director, Neighbourhoods and Housing; Mark Carroll, Chief Executive; Dawn Carter-McDonald, Director of Legal and Governance Services; Jessica Feeney, Governance Services Officer; Ian Williams, Group Director of Finance and Corporate Resources; Helen Woodland, Group Director Adults, Health and Integration.

The meeting was live-streamed here: <https://youtu.be/c5JfFJXrOkk>

1. Apologies for Absence

There were no apologies for absence.

2. Urgent Business

There were no items of urgent business.

3. Declarations of Interest - Members to declare as appropriate

There were no declarations of Interest.

4. Notice of intention to conduct business in private, any representation received and the response to any such representations

There were no representations received.

5. To consider any deputations, questions or petitions referred to the Cabinet by the Council's Monitoring Officer

There were none.

6. To consider the unrestricted minutes of the meeting of Cabinet held on 29 November 2021 and 13 December 2021.

6.1 The minutes of the meetings of Cabinet held on 29 November 2021 and 13 December 2021 were approved as an accurate record.

7. Housing Revenue Account Budget 2022/23 Including Tenants Rents And Service Charges - Key Decision No. FCR S043

7.1 Councillor McKenzie introduced the report to the Cabinet.

7.2 Mayor Glanville asked members to note that there had been an amendment to the recommendations 3.4 and 3.5 detailed in the report, the wording had been amended as follows:

IV To agree the level of tenant service charges as set out in paragraph 12.4, except the Landlord Lighting charges; and the service charges for the Concierge service as set out in paragraph 12.5.

V To delegate to the Group Director of Finance and Corporate Resources in consultation with the Cabinet Member for Housing and Cabinet Member for Finance the setting of communal heating charges and Landlord Lighting service charge to reflect the unit costs of utilities.

RESOLVED

That Cabinet:

- I. **Approved the HRA budget proposals as set out in section 11 and Appendix A.**
- II. **Approved the increase in rent of 4.1% (CPI + 1%) in line with The Social Housing Regulator's rent standard and agreed that rents will increase on average by £4.17 from £103.42 per week to £107.59 per week with effect from Monday 4th April 2022.**
- III. **Approved the increase in HRA fees and charges as set out in Appendix B.**
- IV. **Agreed to the level of tenant service charges as set out in paragraph 12.4, except the Landlord Lighting charges; and the service charges for the Concierge service as set out in paragraph 12.5.**
- V. **Delegated to the Group Director of Finance and Corporate Resources, in consultation with the Cabinet Member for Housing Services and Cabinet Member for Finance, the setting of communal heating charges and Landlord Lighting service charge to reflect the unit costs of utilities.**
- VI. **Delegated to the Group Director of Finance and Corporate Resources, in consultation with the Cabinet Member for Housing Services and Cabinet Member for Finance, the setting of communal heating charges to reflect the unit costs of utilities.**
- VII. **Agreed to the Housing Capital Programme budget and spend approval as set out in Section 16 of the report.**

REASONS FOR DECISION

The Local Government and Housing Act 1989 Section 76 requires local authorities with a Housing Revenue Account (HRA) to set a budget for the account, which is based on best assumptions, that avoids a deficit and furthermore to keep the HRA under review.

Local authority rent setting powers are set out in section 24 of the Housing Act 1985, this provides that:

- (1) A local housing authority may make such reasonable charges as they may determine for the tenancy or occupation of their houses.
- (2) The authority shall from time to time review rents and make such changes, either of rents generally or of particular rents, as circumstances may require.

8. Early Help Review - Key Decision No. CE S032

- 8.1 Deputy Mayor Bramble introduced the report to the Cabinet, and thanked the relevant officers and Cabinet Members who had worked on the report.
- 8.2 The Mayor echoed Deputy Mayor Bramble's thanks to officers.

RESOLVED:

That Cabinet noted:

- I. The delivery of practice and process improvement changes to targeted Early Help services delivered by Hackney Council, as recommended as 'priorities' by the Early Help Review under Section 5 of the report.
- II. The commencement of a wider piece of Early Help system transformation in 2022; through the establishment of a Strategic Partnership Early Help group and the development of a partnership Early Help Strategy.

REASONS FOR DECISION

It is the responsibility of all local organisations and agencies to:

- identify children and families who would benefit from Early Help
- undertake an assessment of the need for Early Help
- provide targeted Early Help services to address the assessed needs of a child and their family which focuses on activity to improve the outcomes for the child

Hackney Council, under section 10 of the Children Act 2004, has a responsibility to promote inter-agency cooperation to improve the welfare of all children.

Hackney Council should work with organisations and agencies to develop joined-up Early Help services based on a clear understanding of local needs.

9. 2020/21 Overall Financial Position - Key Decision No. FCR R81

- 9.1 Councillor Chapman outlined the report highlighting that there would be an overspend of £4.9 million in the next financial year, which was below the predicted spend reported in the August OFP. Reference was also made to the spending review and the new care grant, Councillor Chapman stated that the measures did not fix the current crisis Hackney faced in paying for social care and National Insurance increases.

RESOLVED:

That Cabinet noted the update on the overall financial position for November covering the General Fund and HRA

REASONS FOR DECISION

To facilitate financial management and control of the Council's finances.

10. Capital Update And Property Disposals And Acquisitions Report - Key Decision No. FCR R88

10.1 Mayor Glanville introduced the report to Cabinet and highlighted the on-going investments in Englefield Road.

RESOLVED

I. That the scheme for Neighbourhood and Housing (Non) as set out in section 17.2 of the report be approved as follows:

Transport for London (TfL) Funded Local Implementation Plan (LIP) - Corridors, Quietways Cycle Route, Central London Grid, Streetspace and Local Transport Fund: Resource and spend approval of £3,857k in 2021/22 is requested to enable Council Officers to implement and facilitate the delivery of the TfL funded schemes to implement measures to reduce road traffic accidents and fund projects to encourage sustainable transport within the borough.

II. That the S106 capital scheme summarised below and set out in section 11.3 of the report be approved:

S106	2021/22	2022/23	Total
	£	£	
	0	0	
	0	0	
	0	0	
Capital	1	48	49
Total S106 Resource & Spend for Approval	1	48	49

III. That the S106 capital summarised below and set out in section 11.4 of the report be noted.

S106	2021/22	2022/23	Total
	£	£	
	0	0	
	0	0	
	0	0	
Capital	57	61	118
Total S106 Resource & Spend for Approval	57	61	118

IV. That the schemes outlined in section 11.5 of the report be noted.

V. That the capital programme adjustments as set out in paragraph 11.6 of the report be approved.

VI. That a lease be entered into with Hackney Chinese Community

Services Association Ltd - a company limited by guarantee and a registered charity, for a term of 10 years for the Property at 12-14 Englefield Rd, London, N1 4LS as is shown edged red on the plan attached at Appendix 1 to the report.

VII. The Cabinet agreed that the parties should enter a binding Agreement that prior to the grant of the lease the proposed tenant should:

- **Submit final construction plans to the Council as landlord for approval prior to commencement of works;**
- **Obtain all necessary planning and building consents as required for the works;**
- **Provide written confirmation from funders that all finance for the tenant works is available to proceed to a start on site;**
- **Submit relevant documents certifying the practical completion of construction works within 2 months of completion;**
- **Submit a viable business plan for the operation of the East and Southeast Asian Centre which includes provision for proper maintenance of the premises;**
- **Conclude a Community and Management Agreement with the Council that sets out the vision, services and approach to governance and operations of the East and Southeast Asian Centre.**

VIII. Authorisation be given to the Director of Strategic Property Services to make reasonable adjustments to the timing requirements of the above conditions if the proposed tenant is unable to meet the deadlines because of circumstances outside of its control.

IX. Authorisation be given to the Director of Legal and Governance Services and the Director of Strategic Property Services to agree the Heads of Terms of such an agreement on the basis of these conditions and to incorporate a covenant that a lease will be granted upon the full performance of these conditions.

X. Authority be delegated to the Group Director of Finance and Corporate Resources to enter into a lease of 10 years, and to agree all other terms of the lease provided that the requirements of S123 Local Government Act 1972 are met.

REASONS FOR DECISION

The decisions required are necessary in order that the schemes within the Council's approved Capital programme can be delivered and to approve the property proposal as set out in this report.

In most cases, resources have already been allocated to the schemes as part of the budget setting exercise but spending approval is required in order for the scheme to proceed. Where, however, resources have not previously been

allocated, resource approval is requested in this report.

11. 2022-23 Council Taxbase And Local Business Rates Income Report - Key Decision No. FCR R90

- 11.1 Mayor Glanville reminded Members that the calculation of the Council Tax Base is covered by s.106 of the Local Government Finance Act 1992. Which provided that if a Member owes two or more months' arrears of Council Tax, they were obliged to disclose this fact to the meeting and not vote on the matter. Failure to comply is a criminal offence punishable by a fine.
- 11.2 Councillor Chapman introduced the report, it was explained that the proposed collection rate would be 93% which was an increase from last year.
- 11.3 The Governance Services Officer carried out a recorded vote on the recommendations set out in the report:

<u>Cabinet Member</u>	<u>For, Against or Abstain</u>
Mayor Phillip Glanville	For
Cllr Anntoinette Bramble	For
Cllr Robert Chapman	For
Cllr Mete Coban	For
Cllr Susan Fajana Thomas	For
Cllr Chris Kennedy	For
Cllr Clayeon McKenzie	For
Cllr Guy Nicholson	For
Cllr Carole Williams	For

RESOLVED:

That Cabinet unanimously:

- I. **Recommend to Council that, in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, the amount calculated by Hackney Council as its Council Tax Base for 2022/23 shall be 73,981 Band D equivalent properties adjusted for non-collection. This represents an estimated collection rate of 93%.**
- II. **Recommend to Council that in accordance with The Non-Domestic Rating (Rates Retention) Regulations 2013 Hackney's non-domestic rating income for 2022/23 is £117,771,466, This comprises three elements.**

- £43,355,953 which is payable in agreed instalments to the Greater London Authority
 - £35,746,691 which is retained by Hackney Council and included as part of its resources when calculating the 2022/23 Council Tax requirement.
 - £38,668,822 which is payable in agreed instalments to Central Government
- III. The localised pooling recommendations set out in Appendix 2 to the report, be approved.
- IV. Note that no changes are proposed to the current CTRS scheme in 2022/23.

REASONS FOR DECISION

Council Tax Base

The rules for calculating the Council Tax Base are set out in the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012. The calculation is based on the valuation list and other information available on 15th December 2021.

Firstly, the authority must estimate the number of properties in each band after allowing for exempt properties. These figures are also adjusted to allow for discounts (e.g. single person discount and Council Tax Reduction Scheme) and the impact of changes in discounts and exemptions which allow the Council to charge additional Council Tax to the owners of empty homes and second homes. A formula is then used to calculate the total number of Band D equivalent properties. This gives a higher weighting to properties in Bands above Band D and a lower weighting to properties in bands below Band D. This can therefore be thought of as the average number of properties liable to pay Council Tax. The calculation is set out at **Appendix 1**.

The Authority then must estimate what percentage of the total Council Tax due for the year it will be able to collect. This is usually referred to as the collection rate. This percentage is then applied to the total number of Band D equivalent properties to give the tax base to be used for setting the Council Tax. Another way of considering the tax base is that it represents the amount of Council Tax income that will be received from setting a Band D Council Tax of £1.

There are a number of factors to be considered when assessing the likely ultimate collection rate for 2022/23. 2013/14 marked the first year of the new Local Council Tax Reduction Scheme and significant changes in the level of discounts allowed for second homes and empty properties, which in turn led to increased volatility regarding the eventual collection rate to be achieved, particularly as the Council was often issuing bills for monies it has not had to previously collect. Despite this, collection rates have held up very well since this time but in 2020/21, they were adversely affected by the Covid-19 pandemic and the cyber attack to fall to an estimated 92% and in 2021/22 the ongoing impact of the cyber attack on billing and recovery and covid19 is likely to reduce it to 90%. We expect collection rates to recover in 2022/23, albeit at a

reduced level compared to pre covid19 and cyber rates, and expect it to reach 93%. It is very difficult to estimate what the actual rate will be in 2022/23 given the uncertainties resulting from the ongoing impact of the cyber attack, Covid-19 and Brexit. We are also mindful of the wider cost of living pressures, and the impact this will have on residents ability to pay and it is ever more important that we continue to provide and signpost to support where it is needed in a timely manner to prevent arrears positions escalating for council taxpayers. Notwithstanding this we believe that the assumed rate of 93% is a prudent estimate.

If actual collection in the forthcoming year exceeds the budgeted collection rate this is likely to generate a surplus in the Collection Fund which would provide additional one-off resources available for use in 2023/24 and beyond, either for one-off revenue spending or the Capital Programme. If on the other hand, the collection rate set is over-optimistic, this may result in a deficit on the collection fund at the end of 2022/23, the major part of which would need to be met from Hackney's 2023/24 Budget.

A collection rate of 93% will result in a tax base of £73,981 Band D equivalents, as shown in the table below.

2022/23 TAX BASE/COLLECTION RATE	
	2022/23
Aggregate of Band D Equivalents	79,549
Estimate of Collection Rate	93%
Tax Base (Band D Equivalents)	73,981

This compares to a tax base of 72,039 Band D equivalents used in the 2021/22 budget setting. The increase is primarily due to an increase in the number of properties in Hackney.

12. Lease To The Council Of 51-63 Ridley Road, London E8 - Key Decision No. FCR S052

12.1 Mayor Glanville introduced the report and thanked the various officers who had worked on the report. Deputy Mayor Nicholson echoed the Mayor's comments and reflected on the market's success and safety throughout the pandemic.

RESOLVED

That Cabinet:

- I. Authorised the acquisition, (entering into) of a 15 year lease, subject to a break clause at the end of the 7th year, at an initial rent of £306,000 p.a. in the property known as 51-63 Ridley Road, London E8 2ND, as shown edged in red, from Larochette Real Estate Inc.**

- II. **Delegated to the Group Director of Finance and Corporate Resources authority to determine the most cost effective options in terms of financing the acquisition of the lease in ways that represent best value on the part of the Council.**
- III. **Authorised the Director of Legal and Governance Services to prepare, agree, settle and sign the necessary legal documentation to effect the proposals contained in this report and to enter into any other ancillary legal documentation as required.**

REASONS FOR DECISION

The market has been heavily relied upon by Dalston's community throughout the pandemic being the only daily market in London to continue trading in lockdown and in particular supporting an increased number of low income families accessing fresh fruit and vegetables via the Alexander Rose charity voucher scheme.

The Dalston Plan and specifically Ridley Rd Market Good Growth Fund project will enrich and invigorate this much needed and used community asset that serves some of the most vulnerable in our local community. A change of approach in designing out criminality is needed at this hot spot and is also an opportunity to implement a number of strategies that will support local businesses, the community and wider area with a permanent presence of council offices in the heart of Ridley Road market.

With the Markets Service managing the retail units within the building it is able to offer traders more permanent premises allowing them to graduate from a stall to a building and support the growth of their business at affordable prices and in so doing, supports delivery of the Council's inclusive economy objective.

Negotiations with the landlord have resulted in agreed floor layouts, costings and provisional heads of terms with an initial six month rent free period for all floors to help the service achieve maximum retail occupancy. As well as increasing the volume of retail and storage units at affordable prices for traders, the proposals will provide enough workspace for the Markets team whose daily presence and visible active management of the building will reduce criminality and make Ridley Road safer and more attractive to customers.

If undertaken, these proposals will further demonstrate the Council's long term commitment to the success and growth of Ridley Road following the £1.m Good Growth Fund investment and development of the market during 2019-2022.

It is estimated by Market Services that the letting of the retail and storage facilities will deliver a small surplus over the lease rent and service charge leaving the occupancy of the office space on the first floor to be at no cost to the Council once the lease of the current offices expires in 2023.

The benefits from entering into this lease are significant and with an opportunity to generate surplus income to the Council from rents and fees, whilst playing a significant role in working with the landlord to design out crime and ASB hotspots as part of the development.

13. Contract Award Report For Appointing A New Main Contractor For The Provision Of Statutory Testing, Inspection, Repair & Maintenance Services (Corporate) - Key Decision No. FCR 053

13.1 Mayor Glanville outlined the report and gave thanks to the relevant officer's who had worked on the report.

RESOLVED:

That Cabinet:

- I. **Award the contract for provision of statutory testing, inspection, repair and maintenance services to the Preferred Bidder (Contractor B) from the Crown Commercial Services Framework for Hard FM Services (Facilities Management Marketplace RM3830 Lot 1b).**
- II. **Allow the existing 18 month interim contract arrangement currently in place, to be extended by three months to bridge the period needed to mobilise the new contract for a seamless transition and handover without a break in Hard FM Services.**

REASON FOR DECISION

Following on from the Cabinet Procurement & Insourcing Committee (CPIC) Report dated 10th May 2021, and authority given to proceed with the new procurement, this report seeks approval to appoint the Preferred Bidder as a single Contractor to provide Hard FM Services.

Hard FM Services are broadly defined as maintenance of mechanical, electrical, and building fabric elements of buildings, that cannot be removed from the premises without compromising public health and safety of users, or without causing business interruption. These services tend to be specialist and delivered by accredited companies to ensure maintenance regimes meet with the requirements set out for each statutory header under various Approved Codes of Practice (ACoP).

Ensuring compliance certification and remedial works completion records are maintained for each site is at the core of Hard FM Services in order to meet with statutory and legal requirements under the Health and Safety at Work Act (HSaWA) and ACoPs. The Council therefore has a statutory duty to keep its estate compliant to ensure the health and safety of building users and the public.

The interim 18 month contract is due to expire in December 2021, before the new arrangement will be in place. The procurement timetable slipped as explained at para 5.2.1. and now does not allow the incoming Contractor the opportunity to mobilise the new contract while the incumbent Contractor is still in place.

A mobilisation period is important for hand-over to an incoming Contractor and is the period during which the incoming contractor validates the current

arrangement and highlights any gaps in compliance records before the incumbent Contractor hands the estate over. It is also during this period that new systems are set-up, and the new service provider confirms local operating procedures and finer details of their service delivery proposal content with stakeholders to ensure the transition is seamless and managed properly.

The incumbent Contractor agreed to extend the current arrangement on the terms already agreed for the interim 18 month contract, to allow for mobilisation and TUPE consultation to take place while there is continuity of Hard FM Services, to maintain safe and compliant buildings.

Without prejudice to inflationary uplift and reasonable costs associated with the extension, the fixed cost for maintaining a safe and compliant estate for the three-month period remains the same as under the interim contract. In terms of variable elements of works, we expect only critical or priority remedial works to be undertaken, any works that are not critical or are not causing a health & safety risk will be held back and deferred to be dealt with by the new Contractor.

14. Gender And Ethnicity Pay Gap (Non Key Decision) - Key Decision No. FCR S058

- 14.1 Councillor Williams introduced the report setting out the figures for 2021. Councillor Coban thanked Councillor Williams for her leadership and drew reference to, and welcomed the definition of Black Asian and Ethic Minorities within the report.

RESOLVED:

That the Cabinet noted the Gender and Ethnicity Pay Gap reports

REASONS FOR DECISION

N/A

15. Adoption Of The North London Waste Plan - Key Decision No. NH R71

15.1 Deputy Mayor Nicholson introduced the report.

RESOLVED:

That Cabinet:

- I. **Recommended to Full Council the adoption of the North London Waste Plan (Appendix 1) in accordance with the Planning Inspector's Report and Schedule of Main Modifications (Appendix 2).**
- II. **Delegated authority to the Strategic Director for Sustainability and Public Realm to approve administrative alterations, typographical amendments, to improve cross referencing (e.g para numbering, page numbering) and typographical errors prior to the publication of the final plan.**

REASONS FOR DECISION

The North London boroughs, as the Waste Planning Authorities, are required to prepare a waste local plan by the EU Waste Framework Directive, by the National Waste Management Plan, the National Planning Policy for Waste (NPPW) and by the Mayor's London Plan. It forms part of the suite of documents that make up the 'Local Plan' for each of the boroughs. It sets out how the waste management needs for North London, and provides the planning framework for the management of North London's waste up to 2035.

16. Article 4 Direction To Remove Permitted Development Rights For Change Of Use From Use Class E (Commercial, Business And Services) To Residential In The District Centres And Local Shopping Centres - Key Decision No. NH S030

16.1 Deputy Mayor Nicholson introduced the report.

16.2 Councillor Williams drew reference to section 1.6 within the report, which detailed how the council would protect employment within the borough and potentially save 1000's of jobs.

RESOLVED

That Cabinet:

- I. **Approved the making of a non-immediate Article 4 Direction (A4D) (Appendix 1) to withdraw the permitted development ("PD") rights granted by Schedule 2, Part 3, Class MA of the Town and Country Planning (General Permitted Development) (England) Order 2015 (as amended) ('the GPDO') for changes of use from Class E to a dwellinghouse (Class C3) in Hackney's District Centres and Local**

Shopping Centres (as shown in Appendix 2).

- II. **Delegated authority to the Director of Legal and Governance Services to carry out all publicity/consultation arrangements set out in paragraph 10.1-10.2 of this report and to disapply paragraph 1(1)(c) of Schedule 3 of the GPDO (not to serve individual owner or occupier notice of the A4D because their number makes individual service impracticable).**

REASONS FOR DECISION

The Council considers that the PD right allowing change of use from Use Class E (commercial, business and services) to Use Class C3 (dwellinghouse) without planning permission may constitute a threat to the economy, jobs and amenities of the Borough and would be prejudicial to the proper planning of the Borough, in particular the Council's ability to prevent the loss of uses which contribute to the wider strategic aims for the area.

This A4D is considered necessary because the Council's employment and retail planning policies are based on robust evidence which establishes a need to protect employment and commercial uses to ensure the vitality and viability of Hackney's economy. The permitted development rights would undermine the operation of these policies and may impact negatively on the provision of employment spaces, commercial spaces and jobs in the borough.

17. **Article 4 Direction To Remove Permitted Development Rights For Change Of Use From Use Class E (Commercial, Business And Services) To Residential In The Hackney CAZ, City Fringe And Major Town Centres - Key Decision No. NH S031**

- 17.1 Deputy Mayor Nicholson introduced the report.

RESOLVED

That Cabinet:

- I. **Approved the making of a non-immediate Article 4 Direction (A4D) (Appendix 1) to withdraw the permitted development ("PD") rights granted by Schedule 2, Part 3, Class MA of the Town and Country Planning (General Permitted Development) (England) Order 2015 (as amended) ("the GPDO") for changes of use from Class E to a dwellinghouse (Class C3) in Hackney's CAZ, City Fringe, and Major Town Centres area (as shown in Appendix 2).**
- II. **Delegated authority to the Director of Legal and Governance Services to carry out all publicity/consultation arrangements set out in paragraph 10.1-10.2 of this report and to disapply paragraph 1(1)(c) of Schedule 3 of the GPDO (not to serve individual owner or occupier notice of the A4D because their number makes individual service impracticable).**

REASONS FOR DECISION

The Council considers that the PD right allowing change of use from Use Class E (commercial, business and services) to C3 (dwellinghouse) without planning permission may constitute a threat to the economy, jobs and amenities of the Borough and would be prejudicial to the proper planning of the Borough, in particular the Council's ability to prevent the loss of uses which contribute to the wider strategic aims for the area.

This A4D is considered necessary because the Council's employment and retail planning policies are based on robust evidence which establishes a need to protect employment and commercial uses to ensure the vitality and viability of Hackney's economy. The permitted development rights would undermine the operation of these policies and may impact negatively on the provision of employment spaces, commercial spaces and jobs in the Borough.

18. Children And Families Service Full And Mid Year Update Report To Members 2020-21 (Updated September 2021) - Key Decision No. CE S038

- 18.1 Deputy Mayor Bramble introduced the report, staff and elected members were thanked for their hard work.

RESOLVED

That Cabinet noted the content of the Children and Families Annual Report 2020/202 (appendix 1), endorsed the report and recommend it to Full Council.

REASONS FOR DECISION

The report is for information and endorsement only

19. A Place for Everyone Hackney Voluntary and Community Sector Grants - implementing the new programme in 2022 - Key Decision No. CE S007

- 19.1 Councillor Kennedy introduced the report.

RESOLVED

That Cabinet:

- I. Agreed the timetable for the Hackney Voluntary and Community Sector Open Grants Programme for 2022/23.**
- II. Agreed that the following funding streams can be launched through the programme:**
 - Community infrastructure core grants of up to £45,000 for one year with allocation of these grants subject to Cabinet approval in June 2022**

- **Project based grants for up to £20,000 for one year from May 2022**
 - **Community Chest grants for up to £1,000 for one year for short term projects or one-off activities from May 2022**
 - **Children and Young people activity based grants of up to £10,000 over one year totalling £200,000.**
- III. **Agreed the continued funding of advice services in the borough for one year and an increase in awards for organisations as set out in appendix one from April 2022, totalling £1,000,326.**
- IV. **Agreed one year funding for Specialist grants totalling £747,333 as set out in appendix one.**
- V. **Contributed to the London borough’s grant scheme administered by London Councils 2022/23 and noted that the contribution will be in the region of £208,093.**
- VI. **Noted that proposals for the future grant programme from 2023/24 onwards will be presented to Cabinet in June 2022.**
- VII. **Delegated authority to approve the interim project based grants 2022/ 23 including community chest and children and young people’s grants to the Director of Inclusive Economy, Policy and New Homes in consultation with the Portfolio Holder for Health, adult social care, voluntary sector and leisure, and the Portfolio Holder for education, young people and children’s social care.**
- VIII. **Note that there will be an exploration of grant governance as part of an upcoming internal audit of the Council’s grant programme and that recommendations arising from this may be brought back to Cabinet in June 2022.**

REASONS FOR DECISION

Cabinet agreed the details of the proposals for the launch of the Hackney Voluntary and Community Sector Open Grants Programme for 2022/23. This included the funding criteria and timetable, approval of the extension of the Advice and Specialist Grant funding streams within the programme, and proposals for future decisions in respect of the allocation of grants. The delivery of the Hackney Voluntary and Community Sector Grants Programme for 2022/23 is a key decision of the Council as it affects two or more wards and is related to Council spend. The timetable is set out below:

	Project grants	Community Infrastructure grants
Applications open	7 February 2022	7 February 2022
Applications close	25 April 2022	25 April 2022
Delegated authority	16 May 2022	

decisions		
Recommendations to Cabinet		20 June 2022

A grants review was planned for 2020, and the intention was to build on continuous learning about best ways to make grant investments in a complex environment, learning in particular from the work with advice providers. The direction of travel for this grants review had already been summarised in the Council’s Voluntary and Community Sector Strategy 2019. So whilst the formal review was delayed following the onset of the pandemic because of the need to focus on grant making that responded to the immediate crisis, the Council was able to put the learning into practice in the way we funded organisations during this period, when we had to accelerate plans to change the way we understood grant funding.

The crisis unmasked a level of vulnerability in communities that could not be met by the statutory sector working in isolation. We had to ensure we were working with communities and organisations that had the best reach, seeing them as assets in a more integrated, collaborative, cross sector partnership. By moving away from funding from a single service perspective or a command and control style of agreement, we were able to respond effectively in an environment where much was unpredictable and needs were changing quickly. Some of our key learning includes;

- Trust - officers had permission to fully collaborate with VCS partners and work relationally leading to increased levels of good will, reciprocal trust, and more collaboration and sharing of resources between VCS organisations
- We need to place greater value on reach and expertise within organisations that are working with residents that are furthest from our services and are able to ‘scaffold’ a resident’s relationships with public services
- Traditional power relationships were challenged enabling partners to take leadership roles and reducing expectations on the Council
- The Council was able to really take an enabler role, making use of assets and resources beyond grants. This included providing access to our Community Halls when they were closed for general use, using logistical expertise and skills of staff to help the sector improve the storage and distribution of food, and facilitating ongoing communication and collaboration by hosting meetings.

From this learning we know that there are much more effective and impactful ways to invest in the voluntary and community sector than the traditional approaches to grant making and to commissioning. This traditional approach is transactional and arms length and assumes complex challenges can be addressed through simple projects and measurable outputs.

20. Any Other Unrestricted Business the Chair Considers To Be Urgent

There was no other unrestricted business to be considered.

21. Dates Of Future Meetings

Meetings of the Cabinet for the remainder of the municipal year 2021/22:

28 February 2022

14 March 2022

25 April 2022

22. Exclusion Of The Public & Press

22.1 Items 23 and 24 allowed for the consideration of exempt information in relation to Item 12 and 13. Members did not wish to discuss the exempt appendices therefore the meeting did not move into an exempt session.

23. Lease To The Council Of 51-63 Ridley Road, London E8 - Key Decision No. FCR S052

23.1 The Cabinet noted the exempt appendix in relation to item 12.

24. Contract Award Report For Appointing A New Main Contractor For The Provision Of Statutory Testing, Inspection, Repair & Maintenance Services (Corporate) - Key Decision No. FCR 053

24.1 The Cabinet noted the exempt appendix in relation to item 13.

25. Any other exempt business the Chair considers to be urgent

End of Meeting

Duration of the meeting: 6pm – 7.20pm

Contact:

Jessica Feeney, Governance Services Officer

jessica.feeney@hackney.gov.uk



<p>Capital Update and Property Disposals and Acquisitions Report</p> <p>Key Decision No - FCR R92</p>	
<p>CABINET MEETING DATE (2021/22)</p> <p>28 February 2022</p>	<p>CLASSIFICATION:</p> <p>Open</p>
<p>WARD(S) AFFECTED</p> <p>All Wards</p>	
<p>CABINET MEMBER</p> <p>Mayor Philip Glanville</p>	
<p>KEY DECISION</p> <p>Yes</p> <p>REASON</p> <p>Spending or Savings</p>	
<p>GROUP DIRECTOR</p> <p>Ian Williams, Finance and Corporate Resources</p>	

1. CABINET MEMBER'S INTRODUCTION

- 1.1 This report on the capital programme updates members on the programme agreed in the 2021/22 budget.
- 1.2 The recommendations contained in this report demonstrate our continued commitment to meeting our manifesto pledges and the Council's revised Corporate Plan to Rebuild a Better Hackney.
- 1.3 This report recommends a pragmatic approach to the transfer of a piece of land to Bangla House which accommodates much needed affordable housing in the borough. It also recommends the purchase of land adjacent to Council-owned buildings at 148-154 Stoke Newington Church Street London N16 0JU (the Property), which consists of semi-derelict shops with upper areas which have been fully refurbished in recent years. This purchase enables the Council to finish off the redevelopment of these premises to bring them back into use, enhancing the overall look of the area and supporting local businesses.
- 1.4 We also bring forward £292k of investment into Hoxton Street public realm with design options to include improvements in 'greening' and 'play' infrastructure as well as in connections and wayfinding between local housing estates and the Street. The improvements will be co-designed with local residents and the community of businesses, organisations and visitors around Hoxton Street - together we will be contributing to a safer and healthier community. It has been unlocked by a property disposal nearby, that by working with local councillors was then ring fenced to be invested in these co-produced works to improve Hoxton Street. Similarly, the approval of £144k s106 funding to go towards the remodelling of Charles Square and Phipp Street as part of the Shoreditch Plan Phase II programme will help to connect and enhance a series of public spaces, improve safety for all users and connect green areas within the Shoreditch and Hoxton West wards. Furthermore the welcome investment of £180k proposed in a new enforcement database will assist officers to work more efficiently keeping our communities safe across the borough.
- 1.5 Finally this report notes the investment at various sites across the borough of £331k of S106 funds in the removal of parking bays, tree planting and introducing additional cycle parking continuing our work to rebuild a greener Hackney.
- 1.6 I commend this report to Cabinet.

2. GROUP DIRECTOR'S INTRODUCTION

- 2.1 This report updates Members on the current position of the Capital Programme and seeks spending and resource approval as required to enable officers to proceed with the delivery of those schemes as set out in section 11 of this report .

- 2.2 This report seeks approval to dispose of land at **Bangla House** to Islington and Shoreditch Housing Association (ISHA). Bangla House is a development of five affordable rented residences owned by Islington and Shoreditch Housing Association (ISHA) and managed by Bangla Housing Association (BHA), located on the corner of Clarissa Street and Lee Street. This arrangement was necessary as BHA was not registered with the Housing Corporation and required another association to own the building to obtain access to grant funding. Tenants of the block have two landlords with BHA managing on behalf of ISHA but now BHA are registered with Homes England this and other sites were to be transferred to BHA. Unfortunately the transfer of Bangla House has stalled as whilst checking the title it became apparent that part of the land on which the block sits is still in the ownership of the London Borough of Hackney.
- 2.3 Bangla House sits on land that formed part of the Stonebridge Estate, which was redeveloped by the Council between 1981 and 1993. The land still owned by the Council formed part of an access road to the side of Acton House and part of the site of Hillcot House, demolished as part of the redevelopment. It appears that in the original plans the corner of Clarissa Street and Lee Street was to be left undeveloped and grassed over as amenity land however in 1992 the Council obtained Housing Corporation funding to build new Council housing on redundant Council owned land and this corner plot was included as part of this programme.
- 2.4 A report to the Policy and Resources Committee of the Council dated 11 November 1993 notes the site and the proposed disposal to ISHA and states that it will provide four new residential units. A plan attached to the report identifies the land in question. This plan corresponds to the current land registry information and it seems that the land identified in the November 1993 report was subsequently transferred to ISHA. As noted above Bangla House consists of five units and it seems likely that following the date of the report the scheme evolved to take in the former access road and more of the site of the former Hillcot House. This change in the scope of the project was not then reflected in a further transfer of land to ISHA to accommodate the larger building that was eventually built.
- 2.5 Although there is no evidence available that the Council ever intended to transfer the land in question. What is equally clear is that the Council has no interest in retaining this land, which would be to the detriment of good management of affordable housing in the borough, and it is in fact in the Council's own interest to transfer the land to ISHA so that the transfer of Bangla House may proceed.

- 2.6 As the Council did not intervene whilst ISHA built on its land and BHA has been in occupation since 1994 there is a very good chance that they would be successful in a claim for adverse possession. Defending any such claim would be costly and probably ultimately futile and together with the use of the site as affordable housing the site does not have a commercial value to the Council. As this is the case the Director of Strategic Property Services confirms that a transfer of the site for £1 meets the best consideration requirements of s123 of the Local Government Act 1972.
- 2.7 The Council owns the buildings at **148-154 Stoke Newington Church Street** London N16 0JU (the Property), which consists of semi-derelict shops with upper parts. In this condition the premises were unlettable and unoccupiable and so the Council embarked on a scheme of redevelopment within the footprint of the buildings and the land to the rear enclosed by a steel palisade fence.
- 2.8 On nearing completion of the development the Council, on review, found that part of the land enclosed by the fence fell outside its title and was included within the title of the St Mary's Church of England Primary School to the rear (the Premises, shown for identification purposes on the attached plan)
- 2.9 The Council approached St Mary's Church of England Primary School and the school agreed to transfer the land identified in Appendix 3. The Cabinet is requested to authorise this acquisition. The costs to the Council will be £20,000 consideration for the transfer and £11,039.80 in legal fees incurred to date with a small additional amount to bring this to a conclusion.

3. RECOMMENDATION(S)

- 3.1 That the scheme for Chiefs Executives as set out in section 11.2 be given approval as follows:**

Hoxton Public Realm Improvement Project: Resource and spend approval of **£292k in 2022/23** is requested for improvements to the public realm around Hoxton Street.

- 3.2 That the scheme for Neighbourhood and Housing (Non) as set out in section 11.3 be given approval as follows:**

Enforcement Strategy Database: Spend approval of **£180k in 2021/22** is requested to procure a replacement of the ICT database system for the Council's Enforcement Strategy.

3.3 That the S106 capital scheme summarised below and set out in section 11.4 be approved:

S106	2021/22 £'000	2022/23 £'000	Total
Capital	0	144	144
Total S106 Resource & Spend for Approval	0	144	144

3.4 That the S106 capital summarised below and set out in section 11.5 be noted.

S106	2021/22 £'000	2022/23 £'000	Total
Capital	45	285	331
Total S106 Resource & Spend for Noting	45	285	331

3.5 That the schemes outlined in section 11.6 be noted.

3.6 That the re-profiling of the budgets as detailed in para 11.7 and Appendix 1 be approved.

Current Directorate	Re-profiling 21/22	Re-profiling 22/23	Re-profiling 23/24	Re-profiling 24/25
	£'000	£'000	£'001	£'002
Total Non-Housing	(13,184)	6,253	3,877	3,054
Total Housing	3,817	(53,832)	(10,362)	60,378
Total	(9,367)	(47,579)	(6,485)	63,432

3.7 To authorise the disposal of the land (shown for identification purposes only edged in red on the plan attached - Appendix 2) at Bangla House to Islington and Shoreditch Housing Association.

3.8 To authorise the disposal of the land (shown for identification purposes only edged in red on the plan attached - Appendix 3) at the rear of 148-154 Stoke Newington Church.

3.9 To delegate to the Corporate Director of Finance and Resources authority to settle all commercial terms relating to the disposal and acquisition of the Premises.

3.10 To delegate to the Director of Legal authority to agree and enter into all the legal documentation pursuant to the disposal of the Premises.

3.11 To authorise the Director of Legal to sign a settlement agreement and any court order in relation to the Premises.

4. REASONS FOR DECISION

- 4.1 The decisions required are necessary in order that the schemes within the Council's approved Capital programme can be delivered and to approve the property proposals as set out in this report.
- 4.2 In most cases, resources have already been allocated to the schemes as part of the budget setting exercise but spending approval is required in order for the scheme to proceed. Where, however, resources have not previously been allocated, resource approval is requested in this report.

5. BACKGROUND

5.1. Policy Context

The report to recommend the Council Budget and Council Tax for 2021/22 considered by Council on 22 February 2021 sets out the original Capital Plan for 2021/22. Subsequent update reports considered by Cabinet amend the Capital Plan for additional approved schemes and other variations as required.

5.2 Equality Impact Assessment

Equality impact assessments are carried out on individual projects and included in the relevant reports to Cabinet or Procurement Committee, as required. Such details are not repeated in this report.

5.3 Sustainability

As above.

5.4 Consultations

Relevant consultations have been carried out in respect of the projects included within this report, as required. Once again details of such consultations would be included in the relevant detailed reports to Cabinet or Procurement Committee.

5.5 Risk Assessment

The risks associated with the schemes detailed in this report are considered in detail at individual scheme level. Primarily these will relate to the risk of the projects not being delivered on time or to budget. Such risks are however constantly monitored via the regular capital budget monitoring exercise and reported to cabinet within the Overall Financial Position reports. Specific risks outside of these will be recorded on departmental or project based risk registers as appropriate.

6. DETAILS OF ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

- 6.1 **Proposed Land Transfer to Bangla House:** The only alternative to making the disposal is to not make the disposal. This would be deeply unsatisfactory as it would force ISHA into making a claim for adverse possession that would be costly and time consuming to defend and in all any such defence would fail and the Council would almost certainly be required to pay the other side's costs in this matter.
- 6.2 **Proposed Land Transfer to at 148-154 Stoke Newington Church Street:** The alternative to acquisition by agreement is to make a claim for adverse possession to the Upper Tribunal (Lands Chamber). To protect its position the Council has made this application as it believes it has a very good claim, however success in such an action would only deliver a possessory title rather than title absolute. This is less beneficial, in particular if the Council decides to sell the residential units. It also introduces an element of risk, as does any claim heard before the Tribunal, with serious consequences for the party that loses the case should it come to trial. If the school were to lose they would have a large legal bill to pay and if the Council lost it would have legal costs (anywhere between £20,000 and £100,000) and the compensation for the land the Court decided was just to pay (as much as £80,000). Given that this is a case of two publicly funded bodies disputing an historic boundary anomaly, avoiding the cost and uncertainty of a trial and agreeing an equitable settlement is the most sensible course of action for both parties.
- 6.3 The Council acknowledges the unwanted distraction this matter must have been for the school and thanks the management team and the governors for their help in settling this matter.

7. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

- 7.1 The gross approved Capital Spending Programme for 2021/22 currently totals **£175.701m (£73.047m non-housing and £102.654m housing)**. This is funded by discretionary resources (borrowing, capital receipts, capital reserves (mainly Major Repairs Reserve and revenue contributions) and earmarked funding from external sources.
- 7.2 The financial implications arising from the individual recommendations in this report are contained within the main report.

- 7.3 If the recommendations in this report are approved, the revised gross capital spending programme for 2021/22 will total **£179.563m (£73.092m non-housing and £106.471m housing)**.

Current Directorate	Revised Budget Position	Feb 2022 Cabinet	Re-Profile 2021/22	Updated Budget Position
	£'000	£'000	£'000	£'000
Chief Executive's (Non-Housing)	2,320	0	(41)	2,320
Adults, Health & Integration	0	0	0	0
Children & Education	15,230	0	(3,808)	15,230
Finance & Corporate Resources	22,582	0	(653)	22,582
Neighbourhood & Housing (Non)	32,914	45	(8,682)	32,960
Total Non-Housing	73,047	45	(13,184)	73,092
Housing	102,654	0	3,817	106,471
Total	175,701	45	(9,367)	179,563

- 7.4 **Proposed Land Transfer to Bangla House:** In this instance, the finance comments are led by the legal position, which is set out in the main body of the commentary and reinforced within the legal comments section. Our realistic options in relation to this site are minimal, beyond what has been recommended. As such the recommendation is supported, and of which the financial implications are minimal.

- 7.5 **Proposed Land Transfer to the Rear of 148-154 Stoke Newington Church Street:** The transfer and fees as outlined will be funded by reserves. This brings the issues around 148-154 Stoke Newington Church Street to a close.

8. COMMENTS OF THE DIRECTOR OF LEGAL

- 8.1 The Group Director, Finance and Corporate Resources is the officer designated by the Council as having the statutory responsibility set out in section 151 of the Local Government Act 1972. The section 151 officer is responsible for the proper administration of the Council's financial affairs.

- 8.2 In order to fulfil these statutory duties and legislative requirements the Section 151 Officer will:

- (i) Set appropriate financial management standards for the Council which comply with the Council's policies and proper accounting practices, and monitor compliance with them.
- (ii) Determine the accounting records to be kept by the Council.
- (iii) Ensure there is an appropriate framework of budgetary management and control.
- (iv) Monitor performance against the Council's budget and advise upon the corporate financial position.

- 8.3 Under the Council's Constitution, although full Council set the overall Budget it is the Cabinet that is responsible for putting the Council's policies into effect and responsible for most of the Councils' decisions. The Cabinet has to take decisions in line with the Council's overall policies and budget.
- 8.4 The recommendations include requests for spending approvals. The Council's Financial Procedure Rules (FPR) paragraphs 2.7 and 2.8 cover the capital programme with 2.8 dealing with monitoring and budgetary control arrangement
- 8.5 Paragraph 2.8.1 provides that Cabinet shall exercise control over capital spending and resources and may authorise variations to the Council's Capital Programme provided such variations: (a) are within the available resources (b) are consistent with Council policy.
- 8.6 **S106 Approvals:** With regard to the allocation of monies from agreements under section 106 of the Town and Country Planning Act 1990, s.106 permits anyone with an interest in land to enter into a planning obligation enforceable by the local planning authority. Planning obligations are private agreements intended to make acceptable developments which would otherwise be unacceptable in planning terms. They may prescribe the nature of the development (for example by requiring that a percentage of the development is for affordable housing), secure a contribution to compensate for the loss or damage created by the development or they may mitigate the development's impact. Local authorities must have regard to Regulation 122 of the Community Infrastructure Levy Regulations 2010. Regulation 122 enshrines in legislation for the first time the legal test that planning obligations must meet. Hackney Council approved the Planning Contributions Supplementary Planning Document on 25 November 2015 under which contributions are secured under S106 agreements. Once completed, S106 agreements are legally binding contracts. This means that any monies which are the subject of the Agreement can only be expended in accordance with the terms of the Agreement.
- 8.7 **Proposed Land Transfer to Bangla House:** This land at Bangla House should have been transferred to ISHA in 1993 in order for the development to proceed. ISHA would have a good chance of bringing an adverse possession claim which would cost tens of thousands of pounds to defend. Therefore, as stated above the land meets best consideration pursuant to S123 of the Local Government Act 1972.

- 8.8 **Proposed Land Transfer to at 148-154 Stoke Newington Church Street:**
The Acquisition of a Property is reserved to the Mayor and Cabinet pursuant to the Mayor's Scheme of Delegation (2017) s120 of the Local Government Act 1972. This section enables the Council to acquire by agreement any land for the purposes of discharging any of the Council's functions or for the benefit, improvement or development of its area. The Council may exercise this power whether or not the land purchased by agreement is immediately required for the intended purpose and the Council may use the purchased land in the interim for the purpose of discharging any of its other functions. Under Section 1 of the Localism Act 2011, the general power of competence, the Council has power to do anything that individuals with full capacity generally may do.

9. COMMENTS OF THE DIRECTOR OF STRATEGIC PROPERTY SERVICES

- 9.1 **Proposed Land Transfer to Bangla House:** This disposal meets the best consideration requirements of s123 of the Local Government Act 1972. Local authorities are able under the General Disposal Consent 2003 to sell at less than best consideration where the local authority considers that the purpose for which the land is to be disposed is likely to contribute to the economic, social or environmental wellbeing of the area and provided that the undervalue is less than £2 million. In the opinion of our registered valuers, the undervalue is less than £2m as set out in the valuation report. The valuation report has been reviewed by the Director of Legal Services and is considered to be generally compliant with statutory requirements. Therefore the council is permitted to dispose of this land at an undervalue despite the bar under s123 of the Local Government Act 1972.
- 9.2 **Proposed Land Transfer to at 148-154 Stoke Newington Church Street:**
Settlement of this matter without recourse to the Courts is in the best interests of both parties and represents a fair settlement of this case.

10. VAT IMPLICATIONS ON LAND & PROPERTY TRANSACTIONS

- 10.1 **Proposed Land Transfer to Bangla House:** The Council has not opted to tax on the site so no VAT will be charged on the disposal, which is in any event for only a notional consideration.
- 10.2 **Proposed Land Transfer to at 148-154 Stoke Newington Church Street:**
The school has confirmed that they will not be charging VAT on this transaction.

11. CAPITAL PROGRAMME 2021/22 AND FUTURE YEARS

- 11.1 This report seeks spending approval for schemes where resources have previously been allocated as part of the budget setting process, as well as additional resource and spending approvals for new schemes where required.

11.2 Chief Executives:

11.2.1 **Hoxton Public Realm Improvement Project:** Resource and spend approval of **£292k in 2022/23** is requested for improvements to the public realm around Hoxton Street. This expenditure will go towards an initial design and options followed by the technical design and programme delivery. The Cabinet Overall Financial Position (OFP) report dated 15 July 2019 authorised the disposal of land at Regan Way (in the Arden Estate within the Hoxton East and Shoreditch ward) for market value and gave approval for use of some or all of the receipt from the land to fund a project within the ward. The Council's Area Regeneration Team seek approval to spend the £268k and an additional earmark reserve of £25k from the Area Regeneration budget to deliver an exemplary, innovative and transformational public realm for this ward. The design options will include improvements in 'greening' and 'play' infrastructure on Hoxton Street as well as improving connections and wayfinding between local housing estates and Hoxton Street.

The first phase will be £50k (£25k from Area Regeneration and £25k from the capital receipt) to appoint a landscape architect/urban design team to produce a design and options strategy that will undertake an audit of the existing public realm. The next stage will then provide RIBA Stage 2 concept designs and a selection of Stage 3 developed designs and costings. The remaining £243k will be spent on technical design and delivery with the aim to procure a contractor by Summer/Autumn of 2022. The improvements will be co-designed with local residents and the community of businesses, organisations and visitors around Hoxton Street, as well as being informed by regular engagement with Council teams such as Markets, Housing, Community Safety, Streetscene, Libraries and Public Health. This capital project will be used as set out below:

- To promote active travel and increased physical activity;
- To improve the quality of public realm and increased use of public and open spaces;
- To improve the play infrastructure and pedestrian routes to Shoreditch Park and Hoxton Street;
- To increase the biodiversity, heritage and history of the area highlighted and celebrated;
- To significantly reduce levels and perceptions of crime and anti-social behaviour;
- Provide new opportunities for training, skills and employment for residents, for example through procurement and co-design and co-production processes;
- To include collaboration and partnership working with VCS organisations (Voluntary and Community Sector);
- Will increased footfall and vibrancy on Hoxton Street, increase spend and stability for the local business economy.

This capital project supports Priority 3 in the Hackney's Sustainable Community Strategy 2018-2028 'A greener and environmentally sustainable community which is prepared for the future', Priority 4 'An open, cohesive, safer and supportive community', and Priority 5 'A borough with healthy, active and independent residents'. This approval will have no net impact on the capital programme as this resource is funded by an earmarked capital receipt and reserve held by the Local Authority.

11.3 Neighbourhood and Housing (Non):

11.3.1 Enforcement Strategy Database: Spend approval of **£180k in 2021/22** is requested to procure a replacement of the ICT database system for the Council's Enforcement Strategy. The Council's ICT Contracts Team administered the procurement and the preferred option was for the provision of Arcus Regulatory Services platform implementation for four years. The system will be used by two key service areas; the Council's Community Safety Enforcement and Business Regulations (CSEBR) and the Council's Housing Anti Social Behaviour (ASB). This procurement replaces the Civica and Liberator systems which were damaged by the Cyberattack in October 2020. This will be a cloud-based system that will be fit for purpose and evolve over future years to ensure long-term value for money. Implementing Arcus for Housing ASB would reduce the amount of administration around cases, enabling them to work more strategically to reduce repeat incidents and this option requires less development and has faster deployment than options created as part of other programmes within housing. Arcus has experience of working with a number of local authorities. Their system will provide CSEBR and Housing ASB with the flexibility to easily upscale and configure a system to quickly meet the needs of the Team. The objective is to implement Arcus for Public Protection to provide a stable specialised platform that will minimise manual processes causing severe service disruptions and to obtain time saving efficiencies through automation, data capture and seamless integration with existing Council systems. On that basis we propose to commit to a four year support contract, with a contract clause to be able to terminate on convenience should it be required.

This application ensures smooth business operations across the Council by supporting teams and individuals to perform their roles within Community Safety Enforcement and Business Regulations and Housing ASB. For the wider community, this capital expenditure will help the Council make Hackney a safe place to live and work. and alongside our partners, will help tackle any serious violence, gang violence, alcohol-related crime and disorder; on-street drug markets; substance abuse; domestic abuse; and violence against women and girls. This capital project supports the Council's 2018-2028 Sustainable Community Strategy Priority 1 'A borough where everyone can enjoy a good quality of life and the whole community can benefit from growth' and Priority 4 'An open, cohesive, safer and supportive community'. This approval will have no net impact as the resources already form part of the capital programme.

11.4 S106 Capital Approvals

11.4.1 Capital Resource and Spend approval is requested for **£144k in 2022/23** of S106 capital funding to be financed by S106 contributions. The works to be carried out are in accordance with the terms of the appropriate S106 agreements.

Planning Site No.	Project Description	Agreement Development Site	2021/22 £'000	2022/23 £'000	Total
2016/3736	Charles Square Public Realm	Hertford and Napier House 1-2 Cranwood Street London EC1V 9PE	0	61	61
2015/1700	Phipp St Public Realm	The Holywell Centre 1 Phipp Street London EC2A 4PS	0	84	84
Total S106 Capital for Approval			0	144	144

The remodelling of Charles Square and Phipp Street is part of the Shoreditch Plan Phase II programme which aims to connect and enhance a series of public spaces, improve safety for all users and connect green areas within the Shoreditch and Hoxton West wards.

The proposed work to Charles Square include:

- Install new high quality paving to replace existing varied concrete slabs;
- Create a new through path by introducing new gates at the corner of Brunswick Place to the south-east corner of the square towards Old Street;
- De-pave substantial areas of the square, intensify planting of trees and shrubs and increase and improve facilities for cycle users;
- Landscape which will include elements such as a variety of planting, more exercise equipment, playful elements for young kids and inclusive seating;
- Introduce festoon lights on mature trees to improve aesthetics and the night time environment, and upgrade existing street lighting if needed.;
- Aim to commission local artists for public art installations or murals in an effort to add colour and draw interest to this hidden gem in Shoreditch.

The proposed work to Phipp Street Mini Park include:

- Tree planting and reduction of carriageway space to create a mini park space within this junction of quiet roads to aid local character and encourage pedestrian movements.

11.5 S106 Capital For Noting

11.5.1 The s106/CIL board meeting dated 7 December 2021 considered the following bids for resource and spend approval. As a result **£157k (£5k in 2021/22 and £152k in 2022/23)** of s106 capital funding will be spent in accordance with the terms of the appropriate s106 agreements.

Planning Site No.	Project Description	Agreement Development Site	2021/22 £'000	2022/23 £'000	Total
2014/1920	Highway Wk 25 Downham Rd	25 Downham Road, London, N1 5AA	10	0	10
2017/3452	Highway Wk 13A Derby Rd	13A Derby Road, London, E9 7JP	5	0	5
2016/4414	Highway Wks 392-394 Seven Sisters Rd	Majestic Hotel, 392-394 Seven Sisters Road N4 2PQ	0	112	112
2017/4459	Highway Wks 30-36 Stamford Road	30-36 Stamford Road, London, N1 4JL	4	12	16
2014/4092	Highway Wks Leagrave St	Leagrave Street, Off Chatsworth Road, Hackney, London, E5 9QX	0	121	121
2014/2565	Highway Wks 4-14 Spurstowe Terrace	4-14 Spurstowe Terrace London E8 1LT	26	0	26
2016/2713	New North Rd Public Realm	St. Leonards Court New North Rd.London N1 6JA	0	41	41
Total S106 Capital for Noting			45	285	331

The works will be Highway works at various sites across the borough. The specific proposal covers a section of New North Road includes:

- Removing six parking bays to allow for further tree planting, creating a boulevard effect while achieving traffic calming along that section of the street by reducing the width of the carriageway;
- Planting several trees where possible on either sides of the footway and carriageway (as shown on the drawing) including the use of SuDS to enhance the public realm and help improve air quality; and
- Introducing additional cycle parking.

11.6 For Noting

11.6.1 The delegated powers reports dated 21 December 2021 gave spend approval to enable Council officers to proceed with urgent capital works to The Old Fire Station at 61 Leswin Road which is required to keep the building operational and health and safety compliant. The property is currently leased under a VCS lease to the Trustees of the Old Fire Station. The proposed capital budget is required to carry out essential works to the building including: renewal of the flat roof and retiling of the pitched roof; repairs to high level brickwork including parapet walls and chimneys, which have deteriorated to such an extent that there is now a risk from falling bricks; and the replacement and repair of several sash windows which will be accessible while the scaffolding (which is now in place as a safety measure) is in situ. The budget will also provide for some repairs to the interior of the building, required due to water damage. As a result, **£800k** was approved to spend on this capital project. It should be noted that further capital investment will be required in the Old Fire Station to bring it into reasonable health and safety compliant condition. This includes works to the mechanical and electrical systems. However, this work is not thought to be urgent and would be dealt with as a separate phase of work. It is possible that the Trustees will be able to raise external funding to meet some of the cost of the additional works since they are currently preparing a bid for

Heritage Lottery Funding. This capital project supports the Council's 2018-2028 Sustainable Community Strategy Priority 2 'A borough where residents and local businesses fulfil their potential and everyone enjoys the benefits of increased local prosperity and contributes to community life'. This approval will have no net impact as the resources already form part of the capital programme.

11.7 Re-Profiling 2021/22

11.7.1 Re-profiling is requested in order to adjust and reappropriate the 2021/22 approved budgets to better reflect project delivery of the anticipated programme set out below.

Current Directorate	Re-profiling 21/22	Re-profiling 22/23	Re-profiling 23/24	Re-profiling 24/25
	£'000	£'000	£'001	£'002
Total Non-Housing	(13,184)	6,253	3,877	3,054
Total Housing	3,817	(53,832)	(10,362)	60,378
Total	(9,367)	(47,579)	(6,485)	63,432

APPENDICES

Appendix 1 - Re-Profiling Phase 3

Appendix 2 - Site Plan for 1 Bangla House

Appendix 3 - Site Plan for 148-154 Stoke Newington Church Street

BACKGROUND PAPERS

In accordance with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) England Regulations 2012 publication of Background Papers used in the preparation of reports is required.

None.

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Appendix 1 - Re-profiling Phase 3 2021/22

Summary of Re-Profiling	To Re-Profile 2021/22	To Re-Profile 2022/23	To Re-Profile 2023/24	To Re-Profile 2024/25
	£'000	£'000	£'000	£'000
Chief Executive's (Non-Housing)				
Dalston & Hackney Town Centre	433.00	(433.00)	0.00	0.00
80-80a Eastwy(GLA)	(50,400.83)	50,400.83	0.00	0.00
Trowbridge (GLA)	(19,788.00)	19,788.00	0.00	0.00
Ridley Road Improvements	(1,311.00)	1,311.00	0.00	0.00
Plough Yard Fit Out	30,000.00	(30,000.00)	0.00	0.00
Children & Education				
Jubilee Primary	(24,601.25)	0.00	24,601.25	0.00
Shoreditch Park AMP	0.00	(1,000,000.00)	0.00	1,000,000.00
Sir Thomas Abney AMP	(4,000.00)	4,000.00	0.00	0.00
Ickburgh BSF Ph3	0.00	(30,000.00)	30,000.00	0.00
Ickburgh Expansion SEN	(8,615.50)	8,615.50	0.00	0.00
The Garden School SEN	(725,838.24)	725,838.24	0.00	0.00
Gainsborough SEND	(876.82)	876.82	0.00	0.00
Woodberry Down CC Relocation	(986,004.97)	(2,248,317.11)	1,500,000.00	1,734,322.08
London Fields Façade	(24,724.50)	24,724.50	0.00	0.00
Daubeney Façade	(27,000.00)	27,000.00	0.00	0.00
Princess May Façade	0.00	(80,399.78)	80,399.78	0.00
Contingency Facade Repairs	(248,054.72)	148,054.72	100,000.00	0.00
Colvestone Façade	(254,566.50)	106,069.37	148,497.13	0.00
De Beauvoir Façade	0.00	(9,831.58)	9,831.58	0.00
Gayhurst Façade	(91,981.60)	(99,141.31)	191,122.91	0.00
Grasmere Façade	0.00	(1,235.28)	1,235.28	0.00
Harrington Hill Façade	(75,367.01)	75,367.01	0.00	0.00
Hoxton Gardens Façade	0.00	(43,601.82)	43,601.82	0.00
Mandeville Façade	(171,356.40)	(39,265.08)	210,621.48	0.00
Queensbridge Façade	(10,000.00)	10,000.00	0.00	0.00
Randal Cremer Façade	(9,987.91)	9,987.91	0.00	0.00
Sebright Façade	(38,994.67)	38,994.67	0.00	0.00
Southwold Façade	0.00	(112,550.75)	112,550.75	0.00
Springfield Façade	0.00	(13,336.19)	13,336.19	0.00
William Patten Façade	(0.09)	(308,805.90)	308,805.99	0.00
Woodberry Down Facade	0.00	(549,252.35)	549,252.35	0.00
Primary Capital Programme	0.00	(319,778.44)	0.00	319,778.44

Appendix 1 - Re-profiling Phase 3 2021/22

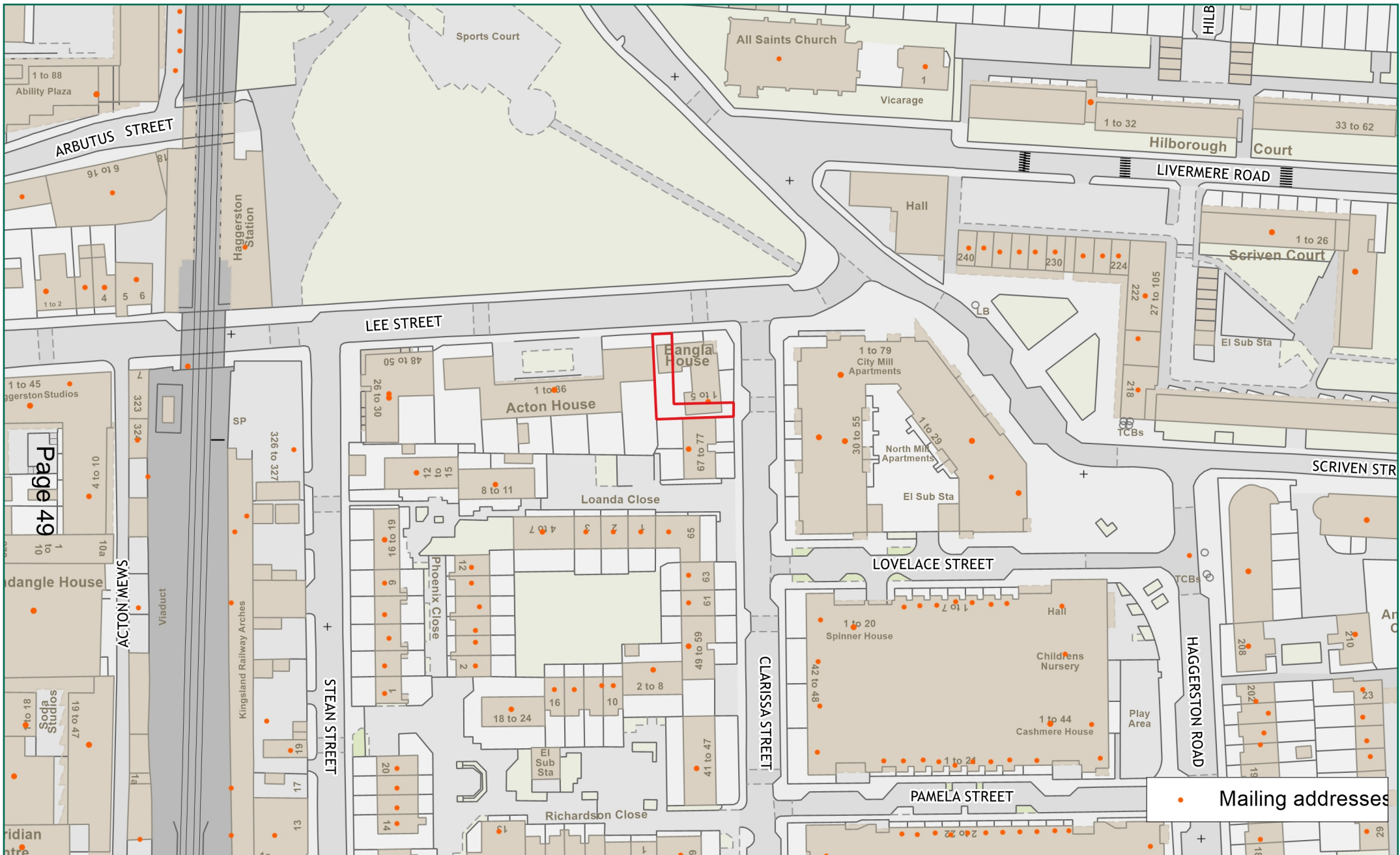
Stoke Newington BSF Life Cycle	(20,014.00)	20,014.00	0.00	0.00
Clapton Girls BSF Life Cycle	(105,999.98)	105,999.98	0.00	0.00
Clapton Portico	707.91	(707.91)	0.00	0.00
BSF LC Early Failure Contingency	(65,188.94)	65,188.94	0.00	0.00
The Urswick School Expansion	(346,420.73)	(206,579.27)	553,000.00	0.00
Cardinal Pole Lifecycle	(81,500.90)	81,500.90	0.00	0.00
Our Ladys School Lifecycle	(81,500.00)	81,500.00	0.00	0.00
Urswick School Lifecycle	(81,050.00)	81,050.00	0.00	0.00
Ickburgh School Lifecycle	(81,500.00)	81,500.00	0.00	0.00
Haggerston School Lifecycle	(50,786.78)	50,786.78	0.00	0.00
The Garden Lifecycle	(81,500.00)	81,500.00	0.00	0.00
Stormont House Lifecycle	(81,500.00)	81,500.00	0.00	0.00
Thomas Fairchild Lifecycle	(30,000.00)	30,000.00	0.00	0.00
Finance & Corporate Resources				
Annex (Staff Moves)	(56,202.23)	56,202.23	0.00	0.00
Decant to MBH & Moves to CAH	(296,323.34)	296,323.34	0.00	0.00
HLT Restack	(9,848.56)	9,848.56	0.00	0.00
HSC Restack	(35,217.92)	35,217.92	0.00	0.00
40-43 St Andrews Road	(55,450.37)	55,450.37	0.00	0.00
14 Andrews Rd Roof Renewal	(196,964.82)	196,964.82	0.00	0.00
SFA - Stoke Newington Assembly	(248,829.84)	248,829.84	0.00	0.00
DDA	(121,742.81)	121,742.81	0.00	0.00
Reactive Maintenance	(72,058.01)	72,058.01	0.00	0.00
Asbestos Surveys	(100,059.00)	100,059.00	0.00	0.00
Core Campus Life Cycle Costing	(50,000.00)	50,000.00	0.00	0.00
CAFM System (Listed Buildings)	(79,000.00)	79,000.00	0.00	0.00
CPAM Database	(29,000.00)	29,000.00	0.00	0.00
CCG Primary Care Capital Project	(663,034.46)	663,034.46	0.00	0.00
161 Northwold Rd	(58,357.62)	58,357.62	0.00	0.00
Commercial Properties	(192,479.36)	192,479.36	0.00	0.00
LandlordWks12-14 Englefield Rd	(19,672.26)	19,672.26	0.00	0.00
VCS 186 Homerton High St	(19,427.52)	19,427.52	0.00	0.00
Wally Foster Centre	(168,769.05)	168,769.05	0.00	0.00
Landlord Wks 329 Queensbridge	(276,810.00)	276,810.00	0.00	0.00
Voluntary Sector	(197,325.79)	197,325.79	0.00	0.00
Property Overall	(445,907.00)	445,907.00	0.00	0.00
E-Tendering System	(10,000.00)	10,000.00	0.00	0.00

Appendix 1 - Re-profiling Phase 3 2021/22

Installation of AMR's	(10,000.00)	10,000.00	0.00	0.00
PV Solar Panel	(49,351.30)	49,351.30	0.00	0.00
Green Homes Fund	(12,000.00)	12,000.00	0.00	0.00
Solar Project (Commercial)	(100,000.00)	100,000.00	0.00	0.00
PRU Nile Street	37,700.43	(37,700.43)	0.00	0.00
Britannia Site	2,883,344.84	(2,883,344.84)	0.00	0.00
Neighbourhood & Housing (Non)				
Essential Main to Leisure	(1,394,299.01)	1,394,299.01	0.00	0.00
Kings Hall LC - Repair Works	(3,100,000.00)	3,100,000.00	0.00	0.00
London Fields Learner Pool	(450,000.00)	450,000.00	0.00	0.00
Parks Strategy - Infrastruct	(150,596.82)	150,596.82	0.00	0.00
Play Area Refurbishments	(300,000.00)	300,000.00	0.00	0.00
Fairchild's Gardens	(30,000.00)	30,000.00	0.00	0.00
Parks Equipment and Machinery	(50,906.40)	50,906.40	0.00	0.00
Connecting Green Spaces	(100,000.00)	100,000.00	0.00	0.00
Abney Park	(549,297.63)	549,297.63	0.00	0.00
Shoreditch Park	(400,000.00)	400,000.00	0.00	0.00
Parks Depot	(475,000.00)	475,000.00	0.00	0.00
Drinking Water Fountains	(25,000.00)	25,000.00	0.00	0.00
West Reservoir Improvements	(663,501.00)	663,501.00	0.00	0.00
Greens Screens	(50,000.00)	50,000.00	0.00	0.00
LED Lights on Highways	(240,898.29)	240,898.29	0.00	0.00
H/ways Oakwharf (0040-08) S106	(81,000.00)	81,000.00	0.00	0.00
Denne Terrace Retaining Wall	(50,000.00)	50,000.00	0.00	0.00
Regents Canal Denne Terr Wall	(31,000.00)	31,000.00	0.00	0.00
Highways Works 217 Q'bridg Rd	(17,721.70)	17,721.70	0.00	0.00
52 well Street & 1 Shore Place	(25,080.00)	25,080.00	0.00	0.00
218 Green Lanes	(22,186.69)	22,186.69	0.00	0.00
Highways 94-96 Lordship Lane	(9,502.00)	9,502.00	0.00	0.00
Highway Works 48-76 Dalston Lane	(20,584.26)	20,584.26	0.00	0.00
Highway Works Kings Crescent Est	(13,793.06)	13,793.06	0.00	0.00
Highway Works at 10 Andre St	(2,204.98)	2,204.98	0.00	0.00
Highway Wk 112-118 Kingsland	(5,349.59)	5,349.59	0.00	0.00
Highway Wk 357-359 Kingsland Rd	(18,625.68)	18,625.68	0.00	0.00
Highway works 130 Cazenove	(23,539.00)	23,539.00	0.00	0.00
Highway wks Bayton Crt	(16,494.12)	16,494.12	0.00	0.00
Highway works Spurstowe Works	(15,355.48)	15,355.48	0.00	0.00

Appendix 1 - Re-profiling Phase 3 2021/22

Highway wks 70 Wilson Street	(19,261.61)	19,261.61	0.00	0.00
Highway Wks 145 City Road	(49,502.04)	49,502.04	0.00	0.00
Highway Wks 55 Pitfield	(21,597.05)	21,597.05	0.00	0.00
Highway Wks at The Lion Club	(30,889.17)	30,889.17	0.00	0.00
Hackney Street Markets Strategy	(50,000.00)	50,000.00	0.00	0.00
Enforcement Strategy database	(20,000.00)	20,000.00	0.00	0.00
Enforcement Database	(27,297.88)	27,297.88	0.00	0.00
Shoreditch CCTV Cameras	(131,162.89)	131,162.89	0.00	0.00
Housing				
Decent Homes	(40,000.00)	40,000.00	0.00	0.00
HiPs North West	945,394.54	(6,119,121.15)	(1,000,000.00)	6,173,726.61
HiPs Central	2,913,505.40	(20,294,601.54)	(6,000,000.00)	23,381,096.14
HiPs South West	(347,421.53)	(14,380,011.84)	(6,000,000.00)	19,727,433.37
PAM - Delay Costs COVID19	(200,000.00)	200,000.00	0.00	0.00
Estate Lighting	0.00	(507,732.56)	507,732.56	0.00
Ventilation Systems	0.00	(576,141.51)	576,141.51	0.00
CCTV upgrade	0.00	500,000.00	0.00	0.00
Door Entry System (Replacements)	0.00	(664,835.01)	664,835.01	0.00
Dom Boiler Replace/Central Heating	401,429.96	(401,429.96)	0.00	0.00
Water Mains/Boosters	79,999.89	(79,999.89)	0.00	0.00
Disabled Adaptations	(200,000.00)	(200,000.00)	400,000.00	0.00
H & S and Major Replacement	0.00	(1,700,000.49)	1,700,000.49	0.00
Lift Renewals	(155,229.19)	(400,000.20)	555,229.39	0.00
Integrated Housing Mana System	1,880,823.90	119,176.10	(2,000,000.00)	0.00
Fire Risk Works	(1,925,747.52)	(6,169,604.68)	(3,000,000.00)	11,095,352.20
Capitalised Salaries	906,567.90	(906,567.90)	0.00	0.00
Lateral Mains	0.00	(771,630.60)	771,630.60	0.00
Re-wire	0.00	(199,999.80)	199,999.80	0.00
Green initiatives	(442,234.13)	(613,096.40)	1,055,330.53	0.00
Major Legal Disrepairs	0.00	(200,000.00)	200,000.00	0.00
Hardware Smoke Alarms	0.00	(590,753.37)	590,753.37	0.00
Commercial Properties	0.00	(416,093.60)	416,093.60	0.00
Bridport	0.00	500,000.00	0.00	0.00
Total	(9,366,633.55)	(47,579,678.66)	(6,485,396.63)	63,431,708.84



• Mailing addresses

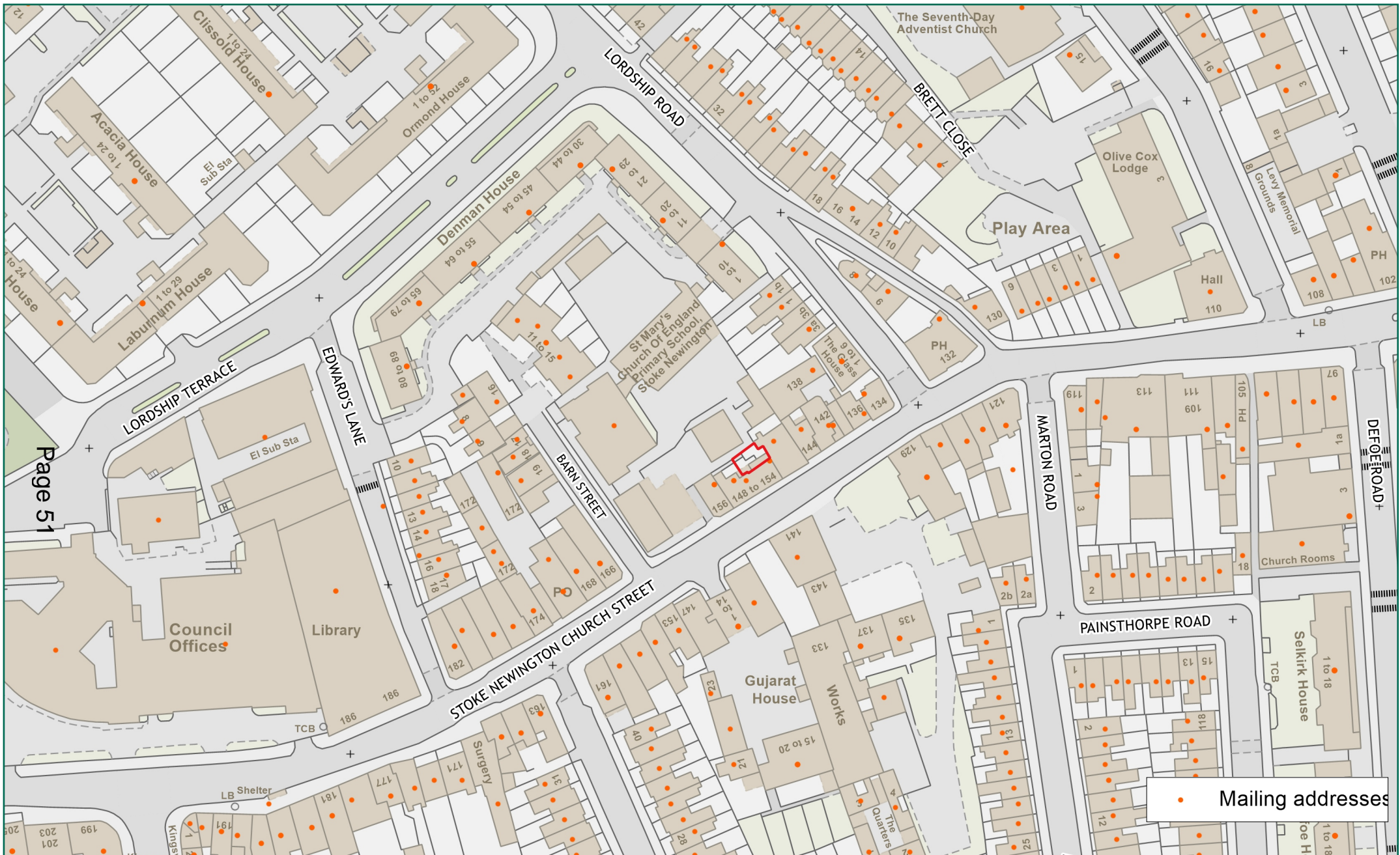
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<p>GLA Homes for Londoners: Affordable Homes Programme 2021-2026 - Acceptance of Grant</p> <p>Key Decision No - CE S061</p>	
<p>CABINET MEETING DATE (2021/22)</p> <p>28 February 2022</p>	<p>CLASSIFICATION:</p> <p>Open</p>
<p>WARD(S) AFFECTED</p> <p>All</p>	
<p>CABINET MEMBER</p> <p>Councillor Guy Nicholson, Deputy Mayor for housing supply, planning, culture and inclusive economy</p>	
<p>KEY DECISION</p> <p>Yes</p> <p>REASON</p> <p>Affects two or more wards</p> <p>Spending/or saving</p>	
<p>GROUP DIRECTOR</p> <p>Mark Carroll, Chief Executive</p>	

1. CABINET MEMBER'S INTRODUCTION

- 1.1 Since launching Hackney's innovative, not-for-profit Council house building approach in 2011 we have led the way in delivering a new generation of high-quality Council housing in Hackney – a model of delivery that is being followed by Councils across London.
- 1.2 Hackney is delivering on its commitment to build almost 2,000 new homes between 2018 and 2022. By May 2022 we expect to have started or completed over 1,500 new homes during this time, and this despite the huge challenges caused by Brexit, the coronavirus pandemic and the rapidly increasing costs of building materials.
- 1.3 Through our pioneering cross-subsidy model, more than half of the Council's new homes are for genuinely affordable Council social rent, shared ownership and Hackney Living Rent. The remaining half are sold outright to help pay for the new affordable homes in the absence of sufficient government funding.
- 1.4 Wherever possible we use external funding to maximise the amount of social housing in Hackney's programme. For example, a £10m Mayor of London grant in 2019 enabled us to swap 100 new homes that would have been for shared ownership or sold outright into social rent Council homes.
- 1.5 As we develop plans for even more new homes beyond May 2022, this new £17.5 million of GLA funding will ensure as many of these as possible are the Council homes for social rent Hackney desperately needs.
- 1.6 These plans are not only providing much-needed, genuinely affordable new homes to help address Hackney's acute housing shortage, but they also unlock investment into community spaces, employment spaces and communal areas to benefit both new and existing residents.
- 1.7 I commend this report to Cabinet.

2. GROUP DIRECTOR'S INTRODUCTION

- 2.1 This report seeks Cabinet authority to enter into a funding agreement with the Greater London Authority (GLA) for the allocation of £17.5m funding from the Affordable Homes Programme (AHP) 2021-2026, to support the delivery of new council homes through a future house building programme.
- 2.2 The Council's house building programmes are based on a self-financing model, with grant funding and income from outright sale homes cross-subsidising the delivery of affordable homes, including homes for social rent.

- 2.3 We have a proud record of building high-quality, well designed new council homes to help those in housing need in Hackney and to provide genuinely affordable housing in the borough for future generations. Despite the successes of our approach, there is a clear need to do even more to address the affordable housing shortage in the years ahead.
- 2.4 A future house building programme is being developed for consideration by Cabinet at a later date. This £17.5m GLA funding could be used to deliver around 100 new homes for social rent within that programme.

3. RECOMMENDATION(S)

Cabinet is recommended to:

- 3.1 **Agree to enter into a funding agreement with the GLA in order to secure £17.5m grant funding through the Homes for Londoners: Affordable Homes Programme 2021-2026.**
- 3.2 **Agree to adopt the new shared ownership model and sign up to the Service Charges Charter as a condition of receiving the grant.**
- 3.3 **Request that a further report be brought to Cabinet, seeking approval for a new house building programme.**

4. REASONS FOR DECISION

- 4.1 The Council submitted a bid for £17.5m of GLA funding from the AHP 2021-2026 to support the delivery of 100 new social rented homes, and in October 2021 notification was received that this had been successful. In order to secure the funding allocation, the Council must enter into a standard form of contract with the GLA by March 2022.
- 4.2 One of the funding conditions of the GLA AHP 2021-2026, is that the Council must dispose of any shared ownership homes that have GLA funding using the new model shared ownership lease, which will provide consistent management across all tenures on a new development. The Council is also required to sign up to the new Service Charges Charter, with the aim of improving leaseholders' service experience spanning four key areas: Transparency, Affordability, Design and Challenge and Redress.
- 4.3 Work is underway to review land and building assets held in the Housing Revenue Account, to determine their best and future use. A number of sites have been appraised, with some identified as potentially suitable for housing development. Officers are currently working on developing a new house building programme to bring to Cabinet in late 2022.

5. DETAILS OF ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

- 5.1 The £17.5m grant allocation will enable the Council to deliver around 100 new homes for social rent within a mixed tenure house building programme. Without this grant, the number of social rented homes that could be delivered will be reduced.
- 5.2 It is a prerequisite of securing the £17.5m grant that the Council enters into a funding agreement with the GLA and meets the associated funding conditions. Therefore the 'do nothing' option of not entering into the funding agreement has been rejected.

6. BACKGROUND

6.1 GLA Affordable Homes Programme

- 6.1.1 The Mayor of London's new Homes for Londoners: Affordable Homes Programme 2021-2026 launched in November 2020, with a £4bn pot to deliver 82,000 new affordable homes across both new and current programmes, and is expected to result in a significant contribution from London to the national target of 180,000 new starts by 2026.
- 6.1.2 Funding is expected to support start on sites for new homes between 2021-2026 with completions by 2028, or 2029 in the case of the more strategic sites. The aim is to not only deliver new homes, but to also drive up standards in terms of sustainability, building safety and equality, diversity and inclusion. Funding is allocated to three affordable housing products:
- Social Rent
 - Shared Ownership
 - London Living Rent.
- 6.1.3 The new Affordable Homes Programme (AHP) also includes provision for supported and specialist housing for older people, disabled people, gypsies and travellers, the homeless and those at risk of homelessness, refugees, care leavers, offenders, young people at risk and those with complex and multiple needs.

6.2 GLA Grant Bid

- 6.2.1 Recognising the acute housing shortage in Hackney, in April 2021 the Council submitted an ambitious bid for £157m in GLA grant, that would have seen at least 500 additional council homes delivered - 100% for social rent. In order for this to be financially viable, without having to sell some homes outright to pay for the social rented ones, our bid was for £300k per unit.

6.2.2 Feedback from the GLA was that, while it welcomed a bid from Hackney, the GLA could not support our grant requirement within the constraints of the government imposed funding deal. Following careful consideration, the Council then revised its bid to £17.5m - to deliver 100 new homes for social rent at a grant rate of £175k per unit - and in October 2021 we were notified that this was successful.

6.2.3 Under current market conditions i.e. based on recent construction costs and sales prices, and taking into account the £17.5m GLA grant, it will be necessary to build around 300 homes for outright sale in order to pay for 100 new social rent homes on a break-even basis - that is to say a total of 400 homes. However, alternative delivery models are being explored in preparation for the new house building programme.

6.3 GLA Funding Agreement

6.3.1 In order to secure the £17.5m grant allocation, the Council will need to enter into a standard form contract with the GLA, as set out at Appendix 1. The terms of this funding agreement are non-negotiable and will include agreed delivery milestones. The GLA will regularly monitor performance against these milestones, and it reserves the right to review grant allocation where the Council cannot deliver a scheme or replace it with an equivalent scheme. As currently, the Council will be subject to the GLA's compliance audit process.

6.3.2 Further, the Council is required to meet the GLA's funding conditions and to adopt the new shared ownership model and Service Charges Charter, as set out in sections 6.4 and 6.5.

6.4 GLA Funding Conditions

6.4.1 There are a significant number of funding conditions that must be met in order for projects to be eligible to draw down GLA funding. These are set out in paragraphs 38 - 68 of the Homes for Londoners: Affordable Homes Programme 2021-2026 - Funding Guidance at Appendix 2, and include the following. It is important that the Council complies with these terms in order to secure the grant funding and ensure it is not subject to clawback:

Building Safety

6.4.2 The Council must meet five mandatory building safety standards and self-certify compliance ahead of receiving payments:

1. Automatic fire suppression systems.
2. No use of combustible materials in external walls of all homes and buildings.
3. All homes must include access to water supplies for firefighting.
4. Register any inbuilt electrical products.
5. Product registration, product recalls and electrical safety information must be made available to all residents.

Sustainability

6.4.3 The Council must adhere to six new sustainability standards:

1. Developments of 10+ homes must be net zero-carbon. Any shortfall will be paid to the borough's carbon offset fund.
2. Referrable developments (150+ homes) must calculate whole life-cycle carbon emissions.
3. Developments of 10+ homes must submit 'Be Seen' data.
4. Developments of 10+ homes must be at least Air Quality Neutral.
5. Developments of 10+ homes must meet their borough Urban Greening Factor targets.
6. Developments of 10+ homes must provide an Energy Strategy to demonstrate reduced internal overheating.

Modern Methods of Construction (MMC)

6.4.4 The Council is expected to maximise their use of Modern Methods of Construction (MMC) systems:

1. Pre Manufacturing: 3D primary structural systems.
2. Pre Manufacturing: 2D primary structural systems.
3. Pre Manufactured components: Non systemised primary structure.
4. Additive Manufacturing: Structural and non structural.
5. Pre Manufacturing: Non structural assemblies and sub assemblies.
6. Traditional build product led site labour reduction/productivity improvements.
7. Site process led labour reduction/productivity/assurance improvements.

Equality, Diversity and Inclusion

6.4.5 The Council is contractually required to meet the minimum equality, diversity and inclusion standards within one year of grant allocation approval:

1. Offer diversity and inclusion training for all employees.
2. Implement a zero tolerance approach to all forms of discrimination, harassment and bullying.
3. Broaden recruitment channels and encourage applicants from diverse and under-represented groups.
4. Publish gender and ethnicity pay gaps.

6.4.6 The Council is also expected to develop, publish and implement an Equality, Diversity and Inclusion Action Plan within one year of grant allocation approval and must provide annual updates on:

- Theme 1: Organisational equality, diversity and fairness
- Theme 2: Sustainable and diverse supply chains
- Theme 3: Working together with Londoners.

London Living Wage

6.4.7 The Council is contractually required to ensure employees and workers are paid the London Living Wage and should endeavour to ensure that consultants, contractors and subcontractor employees meet this obligation.

6.5 New Shared Ownership Model and Service Charges Charter

6.5.1 Shared ownership aims to help people overcome the income and deposit barriers to home ownership. It is a condition of our Funding Agreement with the GLA that the new model shared ownership lease is used for the disposal of homes delivered through the 2021-2026 funding programme.

6.5.2 The fundamental changes are:

- the minimum initial share of the property that can be purchased has reduced from 25% to 10%;
- introduction of the option of staircasing in 1% increments for the first 15 years; following this period the minimum share that can be purchased has reduced from 10% to 5%;
- the introduction of a 10-year period during which the costs of any maintenance or repairs will be met by the landlord, rather than the shared owner;
- at the point of resale, the option for the shared owner to end the Council's nomination period at the four week point if they wish to pursue a sale on the open market, rather than the previous eight week period.

6.5.3 The Council is required to adopt the new model shared ownership lease, incorporating additional clauses where necessary, to be able to provide consistent management across all tenures on a new development.

6.5.4 All investment partners that receive funding via the AHP 2021-2026 are expected to sign up to the updated Service Charges Charter. The Charter sets out commitments relating to four key areas of service charges:

- Transparency - ensuring leaseholders are provided with the information they need to understand their service charges;
- Affordability - ensuring that the affordability of service charges is a key consideration when setting or reviewing service charges;
- Design - encouraging design approaches for new build developments that minimise service charges while ensuring high quality design;

- Challenge and redress - ensuring that leaseholders are aware of how to challenge their service charges and the routes to redress that are available to them.

6.5.5 The Charter's primary goal is to improve leaseholders' experience of service, and we will be required to meet all four key areas before, during and after sale. Further, we are expected to work with the GLA to develop a new and improved Charter reflecting the new shared ownership model.

6.6 Programme Delivery Update

6.6.1 In 2018 the Council made a commitment to starting and/or completing almost 2,000 new homes between 2018 and 2022, with more than half of these for genuinely affordable social rent, shared ownership and Hackney Living Rent.

6.6.2 Despite the challenges caused by Brexit, the coronavirus pandemic and rapidly increasing construction costs, we have since completed more than 800 homes at Aikin Court, Bridge House, Colville Estate, Frampton Park Estate, King Edwards Road, Nile Street, St Leonard's Court, Tiger Way, Tower Court and Whiston Road.

6.6.3 170 additional homes are currently under construction at Daubeney Road, Gooch House, Mandeville Street, Pedro Street and Tower Court; and we now have full planning permission and are progressing work to begin construction on over 700 more homes at Buckland Street, Colville Estate, Fairbank Estate, Kings Crescent Estate, Marian Court, Nightingale Estate and Wimbourne Street.

6.6.4 Further, the Council is progressing plans to continue its programme beyond 2022, through ongoing design development and engagement with communities at the De Beauvoir Estate, Frampton Park Estate and Lincoln Court, as well as work taking place to identify further sites that could accommodate much-needed new Council homes.

6.7 Future House Building Programme

6.7.1 Since early 2021 the Council has been carrying out a review of potentially surplus or underused land and buildings on our housing estates i.e. property accounted for within the Housing Revenue Account (HRA). The purpose of this review is to make sure that all HRA land and buildings are used to best effect. Work is also underway to ensure that both HRA and General Fund held assets are reviewed within an overarching strategic framework, which is aligned with meeting the Council's objectives.

- 6.7.2 To date, nearly 800 HRA sites have been mapped (many of them small) and over 300 have undergone an initial review. Of these, 58 sites are being considered against a range of options for their future use - including the 'do nothing' option of retaining the current usage. Some of these sites may be suitable for providing new homes, and officers are working to develop a new house building programme on HRA land, similar to the existing Housing Supply Programme.
- 6.7.3 Based on current market conditions, it is anticipated that the £17.5m GLA funding could be used to deliver around 100 new homes for social rent as part of a larger mixed-tenure programme. Further details of the new programme will be brought to Cabinet in due course, with the target date for this report of late 2022.

6.8 Policy Context

- 6.8.1 The Mayor of London has an ambitious programme for housing, including investment plans which aim to increase the supply of genuinely affordable new homes in London. Hackney has been awarded £17.5m from the Mayor of London's Homes for Londoners: Affordable Homes Programme 2021-2026, which the Council will use to continue the direct delivery of genuinely affordable housing through our future housing programme.
- 6.8.2 The Housing Strategy adopted by the Council in January 2018 reinforces the priority of building high quality, well-designed and genuinely affordable new homes. Funding obtained through the GLA has helped Hackney to deliver on these commitments by building new social rented and shared ownership homes in the borough.
- 6.8.3 As stated in Hackney's inclusive economy strategy 2019-25, "Building an inclusive economy is not just about economic opportunity, it is also about people feeling they belong in the borough and feel safe and included here". By delivering additional affordable homes in the borough, we can ensure that more housing opportunities are provided for those in greatest need - and a stable home will help people to access wider economic opportunities in the borough.

6.9 Equality Impact Assessment

- 6.9.1 Social rented homes delivered through a new house building programme will be made available in accordance with the Council's lettings policies. A full Equalities Impact Assessment (EqIA) will be prepared for a future programme of house building.

6.10 Sustainability

- 6.10.1 At present, the built environment contributes around 40% of the UK's total carbon footprint (UKGBC), evidencing that new-build housing is one of the priority areas to target emissions reduction. In the context of Hackney, new builds contribute 4% of total carbon emissions - a relatively small figure - but as Hackney has direct control, or strong influence over a large percentage of those, the contribution has greater significance for our Hackney net zero targets.
- 6.10.2 Like any housebuilder, the Council is guided by National, London and Local policies which form a hierarchy within which we work. We also work within an energy hierarchy, which currently sees us delivering a minimum improvement on Building Regulations (2010) of 35% in terms of carbon emissions (as per the London Plan). We are continuing to improve on this as we react to and pre-empt change through the emerging new-build programme.
- 6.10.3 Moving from gas CHP (Combined Heat and Power) systems to Air Source Heat Pump technology, continued emphasis on the building fabric performance, and maximising renewables is expected. This places us on the trajectory to achieving Hackney's 2040 net zero target.
- 6.10.4 The future house building programme provides a real opportunity to bring further change. Feeding back the learning from our current programme through - increased understanding of our buildings in use (Post-Occupancy and Building Performance Evaluation); lessons learnt from our early adoption of Cross Laminated Timber construction, together with regulatory support, to drive down embodied carbon; continuing to reduce operational carbon with emerging energy technology and fabric improvement; identification of sites which satisfy the criteria for modular methods of delivery without losing the character and place-making qualities of our current and emerging projects; and benefitting from the ever increasing body of industry knowledge to help make informed feasible decisions and establish sustainability metrics to prescribe ever greater performance targets.

6.11 Consultations

- 6.11.1 Residents and stakeholders will be consulted and involved in any future housing programme that impacts their estates, properties and neighbourhoods. Our commitment to meaningful consultation and engagement will be restated in the forthcoming Resident Charter that will be brought to Cabinet later this year.
- 6.11.2 In line with the principles of the Residents Charter, we will ensure close collaboration with local residents from start to finish, whether through resident steering groups on larger projects or meaningful engagement on our smaller schemes.

6.11.3 The process itself for selecting sites to deliver new housing will also be open and transparent, and we will engage with the community on the principles informing where we build new homes, and to take on board suggestions about the most appropriate locations for new housing.

6.12 Risk Assessment

6.12.1 The Regeneration Programmes are subject to regular and robust risk assessments that are an integral part of the Regeneration Governance Framework. The use of effective risk management is a critical part of all business activity that the Regeneration function undertakes, and is reflected in the assurances provided for the Annual Governance Statement and as part of regular internal audits that are undertaken.

6.12.2 New building safety legislation places additional responsibility in ensuring that the 'golden thread' of building information is passed from Regeneration to Housing Services. Further, the new energy standards will have a significant impact on the design, specification, cost and timescale for new homes delivered by the Council. A Hackney New Build standardised brief and building information/quality assurance system has been established and work has started, supported by an external advisor, on implementing the new building safety legislation into working practises.

6.12.3 Flat and falling house prices within the borough continue to be compounded by increasing build costs due to labour and material shortages following Covid and Brexit. This will have a significant impact on the financial viability of the Council's house building programmes and the quantum of affordable homes that can be delivered. There is ongoing monitoring of the housing market and supply chains.

7. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

7.1 The grant funding from the GLA is at the equivalent rates that would apply if the Council used 1-4-1 retained Right to Buy receipts funding, and therefore this grant award represents good value.

7.2 In the current construction and housing market, viability is a challenge and so additional funding from cross subsidy, in line with the current regeneration financial model would still be required to deliver a viable scheme.

7.3 The GLA funding is proposed to be applied to a future house building programme, however the funding conditions may require earlier allocation of the funding. In order to accommodate this, the funding could be applied within the current delivery programme, subject to viability and tender returns.

8. VAT Implications on Land & Property Transactions

- 8.1 No VAT will be charged on the majority of the costs of the construction, other than in relation to professional fees.
- 8.2 Social rents are held in the Council's HRA as non-business use, so any VAT that is attributable to the social rent properties will be recoverable in full.
- 8.3 Shared ownership will have a zero-rated sale followed by an exempt rent, so any VAT on construction will be recoverable, but the VAT on the ongoing maintenance will need to be included in the Council's partial exemption calculation.
- 8.4 Outright sales will be zero-rated, so any VAT incurred on construction will be recoverable in full. The only exception on VAT recovery on the zero-rated sales will be if there are any goods which are not ordinarily installed included in the building i.e. built in wardrobes, fridges, etc. where the VAT recovery will be blocked.

9. COMMENTS OF THE DIRECTOR, LEGAL & GOVERNANCE SERVICES

- 9.1 The decision in paragraph 3.1 of this Report is a key decision under Regulation 8 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 as it is an executive decision, which is likely (a) to result in the relevant local authority incurring expenditure which is, or the making of savings which are, significant having regard to the relevant local authority's budget for the service or function to which the decision relates; or (b) to be significant in terms of its effects on communities living or working in an area comprising two or more wards or electoral divisions in the area of the relevant local authority. Key decisions can be made by Cabinet under Article 13.6 of the Constitution and therefore this Report is being presented to Cabinet for approval.
- 9.2 Further, funding arrangements within the budget strategy in respect of Regeneration Schemes are also reserved to the Mayor and Cabinet under the Mayor's Scheme of Delegation (January 2017), and therefore Cabinet is able to agree the recommendations in this Report.
- 9.3 In order to accept the funding from the GLA Homes for Londoners: Affordable Homes Programme 2021-2026, the Council will need to enter into a grant agreement with the GLA, which will set out the terms of the grant. It is important that the Council complies with the terms of such grant in order to secure the grant funding and ensure it is not subject to clawback.
- 9.4 It will also be necessary to ensure that any of the grant sums which are applied in the provision of services or works from third parties are compliant with any clauses in the grant conditions regarding the appointment of third parties, and compliant with both the law regarding procurement and the Council's own internal requirements as set out in Contract Standing Orders.

APPENDICES

[Appendix 1: Grant Agreement - AHP 2021 - Local Authority 20.12.21](#)

[Appendix 2: Affordable Homes Programme 2021-2026 Funding Guidance](#)

EXEMPT

No

CONFIDENTIAL

No

BACKGROUND PAPERS

None

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Grant Agreement

dated

Parties

- (1) **Greater London Authority** whose address is, or is shortly to be, City Hall, Kamal Chunchie Way, London E16 1ZE (the **GLA**); and
- (2) [] whose office is at [] (the **Grant Recipient**).

Introduction

- (A) The Localism Act 2011 devolved the housing and regeneration functions of the Homes and Communities Agency in London to the GLA.
- (B) The Grant Recipient has submitted a bid to the GLA for grant funding to assist the Grant Recipient in the delivery of affordable housing.
- (C) The GLA has agreed to advance grant funding to the Grant Recipient pursuant to the GLA's Homes for Londoners: Affordable Homes Programme 2021-2026 to facilitate the delivery of certain affordable housing projects subject to and in accordance with the terms of this Agreement.
- (D) In addition to the Named Projects submitted on OPS at the date of this Agreement, the Grant Recipient may have submitted indicative proposals in respect of dwellings which it expects to bring forward to be delivered as Affordable Housing during the AHP 2021-26 period. The parties record their intention that the indicative proposals are to be incorporated into Named Projects by reference to the Average Grant Rate. Alternative rates agreed by GLA (in its absolute discretion) may be used provided always that once the final Unprofiled Indicative Dwelling is incorporated into a Named (Indicative) Project in accordance with the requirements of this Agreement, the average of the grant rates for all AHP Dwellings (based on Tenure Type) comprised within the Named (Indicative) Projects will be equal to or lower than the Average Grant Rates.
- (E) Grant paid by the GLA to the Grant Recipient pursuant to this Agreement is social housing assistance as defined in Section 32(13) of the Housing and Regeneration Act 2008.
- (F) The purpose of the grant funding provided under this Agreement is to fund affordable housing which will be owned and operated by a local authority and the parties have entered into this Agreement on the basis that no Subsidy therefore arises.

1 Definitions and interpretations

1.1 Definitions

In this Agreement unless the context otherwise requires the following terms shall have the meanings given to them below:

Acquisition Milestone means the acquisition by the Grant Recipient of a Secure Legal Interest in a Named Project;

Acquisition Tranche Grant means, where GLA has accepted an Acquisition Milestone on OPS (in its absolute discretion) and subject to Condition 6.3, such sum as is equivalent to the percentage of the Named Project Grant recorded on and agreed by GLA through OPS;

Acquisition Tranche Payment Date means in relation to a Named Project such date as the GLA may have accepted in OPS as the date on which a claim for Acquisition Tranche Grant may be made;

Actual Development Costs means in respect of each Named Project the amount of Development Costs actually incurred by the Grant Recipient in acquiring, developing and/or Rehabilitating that Named Project as such amount is warranted and certified by the Grant Recipient pursuant to Condition 14.4.4 and Condition 14.6.3;

Additional Project means a project for the delivery of AHP Housing proposed by the Grant Recipient under Condition 9 in addition to those projects or proposals comprised within the Original Approved Bid;

Additional Project Acceptance Date means the date upon which the GLA confirms acceptance of an Additional Project pursuant to Condition 9.3;

Additionality Condition means the condition that all the AHP Dwellings comprised within a Named Project meet the definition of "additional" homes as detailed in the Guidance and set out in Section 2 (*Net Additionality for GLA Grant*) of the Affordable Housing Capital Funding Guide;

Additional Affordable Housing Dwelling means a house, flat or maisonette to be provided by the Grant Recipient as Affordable Housing in London during the period from 1 April 2021 to 31 March 2026 in respect of which the Grant Recipient did not seek grant funding from GLA under any GLA programme (including any Previous AHP Programme) or utilise any RCGF Funds;

Affiliate means any subsidiary, associate or joint venture in which a local authority has a material interest sufficient to require group financial statements to be prepared which account for these interests, in accordance with CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended or updated) which is the Statement of Recommended Practice on local authority accounting or any code or other document which replaced it as the Statement of Recommended Practice;

Affordable Habitable Room means a Habitable Room within an Affordable Dwelling;

Affordable Housing has the meaning given to it under the Glossary within the London Housing Strategy issued in May 2018 (as the same may be amended, updated or replaced from time to time);

Affordable Housing Capital Funding Guide means the guide of that name published on www.london.gov.uk/CFG or any successor guide so published;

Affordable Percentage Condition means the requirement that at Practical Completion of a Named Project, the number of Affordable Habitable Rooms provided or to be provided (as the context requires) on the Development Site when expressed as a percentage of the total number of Habitable Rooms provided or to be provided on the Development Site

pursuant to the relevant Planning Permission represents no less than the Required Affordable Percentage;

Affordable Dwelling means a dwelling within a Development Site which is to be provided as Affordable Housing;

Agreed Principles means the terms set out in Part 1 of Schedule 1;

Agreed Purposes means the tenures for which each of the AHP Dwellings is to be used as such tenures are described in the Named Project Details;

Agreement means this grant agreement (including its Schedules and Appendix);

Agreement Funding means the aggregate of all Named Project Grant paid to and all RCGF Funds used by the Grant Recipient under or in connection with this Agreement;

Agreement Information means:

- (a) this Agreement in its entirety (including changes to the Agreement that may be agreed from time to time); and
- (b) data extracted from the claims made under this Agreement which shall consist of the Grant Recipient's name, the expenditure account code, the expenditure account code description, the document number, the clearing date and the claim amount;

AHP 2021-26 means the programme described in the publication entitled "Homes for Londoners: Affordable Homes Programme 2021-26 Funding Guidance" issued by the GLA in November 2020 (as the same may be amended or updated from time to time);

AHP Dwelling means a house, flat or maisonette which is developed (or is to be developed) with the benefit of RCGF Funds and/or grant funding payable under this Agreement and in relation to each relevant Named Project as more particularly described in the relevant Named Project Details;

AHP Housing means housing provided by the Grant Recipient pursuant to this Agreement that will be made available:

- (a) permanently on Shared Ownership Lease terms;
- (b) at a London Living Rent; and
- (c) at a Social Rent,

in accordance with the terms of this Agreement;

Allocated Net Grant means £[]¹, being the maximum amount of grant payable by the GLA to the Grant Recipient in respect of the Approved Bid (as the same may be amended from time to time in accordance with the terms of this Agreement);

¹ Insert funding allocation

Allocated RCGF Funds means the RCGF Funds that the GLA has agreed in OPS will be applied towards the Approved Bid (as the same may be amended from time to time in accordance with the terms of this Agreement);

Allocated Total Grant means the aggregate of the Allocated Net Grant and Allocated RCGF Funds;

Annual Committed Number has the meaning ascribed to it in limb (b) of the definition of "Indicative Proposals" as such numbers may be updated from time to time on OPS and accepted by GLA (in its absolute discretion);

Approved Bid means the aggregate of the Named Projects and Indicative Proposals (if any) accepted by the GLA in OPS as at the date of this Agreement (as the same may be amended, added to, supplemented, substituted or varied in accordance with the terms of this Agreement);

Average Grant Rate means the notional average grant rate for each Tenure Type as set out by GLA on OPS and which must be equal to or higher than the average of the actual grant rates (inclusive of any RCGF Funds used) applied to all AHP Dwellings of that Tenure Type being delivered under any Named (Indicative) Project as such rate may be adjusted from time to time in accordance with the terms of this Agreement;

Building Contract means a contract entered into between the Grant Recipient and a Building Contractor relating to the construction and development and/or Rehabilitation of a Named Project;

Building Contractor means any building contractor or developer appointed or to be appointed by the Grant Recipient in respect of a Named Project;

Business Day means any day other than a Saturday, Sunday or a statutory Bank Holiday in England;

Capital Grant has the meaning set out in the Recovery Determination;

Capital Grant Recoverable means such amount of Capital Grant and interest thereon as the GLA is entitled to Recover under the Recovery Determination;

CDM Regulations means the Construction (Design and Management) Regulations 2015 S.I. No. 2015/51;

CEDR means the Centre for Effective Dispute Resolution;

Certified Design Standards means the minimum design standards in accordance with which the AHP Dwellings in a Named Project will be delivered as certified by the Grant Recipient on OPS as part of its bid;

Certified Standards means the Certified Design Standards, the Certified Sustainability Standards (subject in each case to any exemptions approved by GLA (in its absolute discretion) and recorded on OPS) and the Minimum Building Safety Standard;

Certified Sustainability Standards means the sustainability standards which the AHP Dwellings in a Named Project will be delivered to as certified by the Grant Recipient on OPS as part of its bid;

Change in Control means the Grant Recipient is or will be subject to a process of local government re-organisation approved by the Secretary of State which results in another local authority obtaining the legal capacity, power and authority to become a party to and to perform the obligations of the Grant Recipient under this Agreement;

Competent Authority means (as the case may be):

- (a) such persons officeholders and bodies (however constituted) that are specified under any United Kingdom Competition Requirement as having responsibility for monitoring compliance with and/or legally enforcing Subsidy or the United Kingdom Competition Requirement or otherwise authorised to recover any Unlawful Subsidy; or
- (b) the courts of England and Wales;

Completed Interest means a Secure Legal Interest which meets the description in limbs (a), (b) or (c) of the definitions of SLI (SO/LLR Accommodation) or SLI (Rented Accommodation);

Compliance Audit means the procedure (in a form advised by the GLA from time to time) by which an auditor independent of the Grant Recipient certifies (at the Grant Recipient's cost) whether the Named Projects developed or Rehabilitated pursuant to this Agreement satisfy the GLA's procedural compliance requirements (as described in the Affordable Housing Capital Funding Guide);

Compliance Checklist means a document in the form identified as the "GLA Resident Ballot Compliance Checklist" in Section 8.5.19 of the Affordable Housing Capital Funding Guide completed (such that each response to the questions posed in the Compliance Checklist is in the affirmative) and signed by the Grant Recipient, counter-signed by the Independent Body and in a form satisfactory to the GLA;

Condition Precedent means receipt by the GLA of the Legal Opinion;

Consents means any necessary approval, authorisation, consent, exemption, licence, permit, permission or registration by or from any Relevant Authority;

CORE means the national information source "Continuous Recording" that records information on new occupiers of affordable housing and the properties they rent or buy;

Council means a principal council (as defined in Section 270 of the Local Government Act 1972) or any body of government in England established as a successor to principal councils exercising the functions of a local housing authority;

CPI means the general index of consumer prices (for all items) published by the Office for National Statistics or, if that index is not published for any month, any substituted index or index figures published by that Office;

Data Controller has the meaning ascribed to it in the Data Protection Legislation;

Data Protection Legislation means the UK GDPR, the Data Protection Act 2018 and any other relevant national Legislation implementing or supplementing the UK GDPR, and any

formal guidance or Codes of Conduct issued by the Information Commissioner (or other Relevant Authority) in each case as amended, superseded or replaced from time to time;

Data Subject has the meaning ascribed to it in the Data Protection Legislation;

DLUHC means the Department for Levelling Up, Housing and Communities (or any successor body with similar or equivalent jurisdiction or authority);

Deduction Amount has the meaning ascribed to it in Condition 19.8.1;

Default Event means a General Default, a Project Default or an Interim Reconciliation Default;

Development Costs means the costs relating to Site acquisition and/or Works in relation to a Named Project incurred or to be incurred in respect of such Named Project by the Grant Recipient in relation to the heads of expenditure set out in Part 1 to Schedule 2 or such other heads of expenditure as the GLA may in its absolute discretion agree in respect of any Named Project **provided that** any costs falling within the heads of expenditure set out in Part 2 to Schedule 2 shall not be capable of being treated as Development Costs;

Development Site means the Site, unless such Site forms part of a wider connected development or redevelopment proposal whether or not such site is geographically contiguous to the Site, in which case "Development Site" shall encompass the site of that wider connected development or redevelopment;

Direction means a direction to the Regulator in relation to rent given by the Secretary of State from time to time pursuant to Section 197 of the HRA 2008;

Disposal means, other than a Permitted Disposal, a transaction the effect of which is that the legal or beneficial interest in any AHP Dwelling or property comprised in a Named Project on which any AHP Dwellings have been or are to be developed (as the case may be) transfers to becomes vested in or is leased to or reverts to another person;

Disposal Notification means a written notification addressed to GLA which identifies:

- (a) the nature of the Disposal;
- (b) the number and address of the AHP Dwellings and/or other property comprised within the Disposal;
- (c) the donee other than in the case of an individual purchaser of an AHP Dwelling which is for use as his/her only or principal home; and
- (d) the amount of Total Project Grant attributed to the AHP Dwelling or property comprised within the Disposal and the quantum of such grant which the Grant Recipient will repay to the GLA and/or recycle into the Grant Recipient's RCGF in accordance with the terms of this Agreement and the Recovery Determination;

DQHAP means the "Delivering Quality Homes Action Plan" to be submitted by the Grant Recipient on OPS (in a form satisfactory to GLA, acting reasonably);

DQHAP/POE Breach has the meaning ascribed to it in Condition 10.6;

EDI Breach has the meaning ascribed to it in Condition 23.4;

EIR means the Environmental Information Regulations 2004 and any subordinate legislation made under the Environmental Information Regulations 2004 from time to time, together with any guidance and/or codes of practice issued by the Information Commissioner in relation to such legislation;

EIR Exemption means any applicable exemption to EIR;

Estate Regeneration Default means the occurrence of any of the events or circumstances set out in Conditions 19.2.11 to 19.2.13 (inclusive);

Estate Regeneration Funding Condition means the obligations set out in Condition 10.1.5;

Estate Regeneration Project means a Named Project which in whole or in part comprises or entails regeneration or another arrangement which satisfies the description of a Strategic Estate Regeneration Project set out in Section 8.3 of the Affordable Housing Capital Funding Guide;

Estate Regeneration Requirement means the obligations set out in Condition 10.1.5 and/or Condition 11.4.11;

Exemption means an exemption to the Resident Ballot Requirement agreed by the GLA pursuant to Section 8.6 of the Affordable Housing Capital Funding Guide;

Exempted Information means any Information that is designated as falling or potentially falling within the FOIA Exemptions or the EIR Exemptions;

Exemption Certificate means a certificate identified as an "Exemption Certificate" on GLA letter headed paper and signed by a senior officer of the GLA which confirms that the delivery of the Named Project is subject to an Exemption;

Final Claim Stage means the date at which the relevant Named Project reaches Practical Completion;

Final Reconciliation Exercise has the meaning ascribed to it in Condition 12.8;

Financial Year means the period from the date of this Agreement to the next 31 March and thereafter from 1 April to 31 March in each year;

FOIA means the Freedom of Information Act 2000, and any subordinate Legislation made under such Act from time to time together with any guidance and/or codes of practice issued by the Information Commissioner in relation to such Legislation;

FOIA Authority means a public authority as defined by the FOIA and/or EIR;

FOIA Exemption means any applicable exemption to FOIA;

General Default has the meaning given to it in Condition 19.1;

General Termination Event means an event pursuant to which this Agreement may be terminated pursuant to Condition 19.5;

GLA's Representative means such person or persons as the GLA may nominate to act as its representative from time to time for the purposes of this Agreement;

Good Practice Guide to Estate Regeneration means the guidance entitled "Better homes for local people" published by the GLA in February 2018;

Grant means any and all sums paid by the GLA to the Grant Recipient pursuant to this Agreement;

Grant Rate Default has the meaning ascribed to it in Condition 12.9;

Grant Recipient Party means:

- (a) the Grant Recipient, the Building Contractor, any member of the Professional Team, agent, employee or Subcontractor of the Grant Recipient and the Grant Recipient's Representative; or
- (b) an Affiliate;

Grant Recipient's Representative means the Grant Recipient's Development Director or such other person agreed by the GLA to act as the Grant Recipient's representative from time to time for the purposes of this Agreement;

Guidance means the publication entitled "Homes for Londoners: Affordable Homes Programme 2021-26 Funding Guidance" issued by the GLA in November 2020;

Habitable Room means a room within a dwelling the intended purpose of which is for sleeping, living or dining and which has a minimum width of 2.13 metres (7 ft.) and includes:

- (a) a living room;
- (b) a dining room;
- (c) a bedroom; and
- (d) a kitchen/diner (provided that for the purposes of this Agreement the kitchen/diner is 13 sqm or greater in size).

Homes and Communities Agency means the body corporate established under Section 1 of the HRA 2008 (and any successor body or agency carrying out the same or similar functions in whole or in part);

HRA 2008 means the Housing and Regeneration Act 2008;

HS Act means the Health and Safety at Work etc. Act 1974;

Independent Body means an entity which is independent of the Grant Recipient and has been appointed in accordance with the principles set out in Section 8.5.2 of the Affordable Housing Capital Funding Guide;

Indicative Allocation means such part of the Allocated Total Grant attributed to the Indicative Proposals and agreed by GLA on OPS;

Indicative Proposals means the Grant Recipient's proposals for the development of a specified number of further SR Dwellings, LLR Dwellings and/or SO Dwellings accepted by the GLA and set out on OPS in accordance with any of Conditions 5.2 and 5.9 (as may be updated in accordance with the terms of this Agreement) including details of:

- (a) the Financial Year in which such dwellings will achieve Start on Site (the **Start Year**); and
- (b) the number (by Tenure Type) of such dwellings to achieve Start on Site in each Start Year (the **Annual Committed Number**);

Information has the meaning in relation to:

- (a) the FOIA, given under Section 84 of the FOIA and which is held by the GLA or the Grant Recipient (as appropriate) at the time of receipt of an RFI; and
- (b) EIR, given under the definition of environmental information in Regulation 2 of the EIR and which is held by the GLA or Grant Recipient (as appropriate) at the time of receipt of an RFI;

Information Commissioner has the meaning set out in Section 114 of the Data Protection Act 2018 and for the avoidance of doubt is the UK's independent body set up to uphold and enforce Information rights;

Intellectual Property Rights shall include without limitation all rights to, and any interests in, any patents, designs, trademarks, copyright, know-how, trade secrets and any other proprietary rights or forms of intellectual property (protectable by registration or not) in respect of any technology, concept, idea, data, program or other software (including source and object codes), specification, plan, drawing, schedule, minutes, correspondence, scheme, formula, programme, design, system, process logo, mark, style, or other matter or thing, existing or conceived, used, developed or produced by any person;

Interest means interest at a rate per annum equal to two percentage points (2%) above the base rate from time to time of The Bank of England;

Interim Reconciliation Default has the meaning ascribed to it in Condition 12.7;

Interim Reconciliation Exercise has the meaning ascribed to it in Condition 12.6;

Investment Partner means an organisation which has been confirmed by the GLA as having "Investment Partner Status" under the GLA's Investment Partner qualification procedure from time to time;

Landlord Offer means the offer identified by that name and more particularly described in Sections 8.5.11 to 8.5.16 of the Affordable Housing Capital Funding Guide which is in the form issued to GLA pursuant to Section 8.5.14 of the Affordable Housing Capital Funding Guide and which is the subject of the confirmations provided by the Grant Recipient and the Independent Body in the Compliance Checklist;

Legal Opinion means a legal opinion in the form set out in Schedule 3 given by the Grant Recipient's solicitor and dated prior to the date of this Agreement;

Legislation means:

- (a) any Act of Parliament;
- (b) any delegated or subordinate legislation within the meaning of Section 21(1) of the Interpretation Act 1978;
- (c) any exercise of the Royal Prerogative;
- (d) rule of court or directives or requirements of any Regulatory Body or notice of any Regulatory Body,

in each case in the United Kingdom; and

- (e) any regulations, orders, bye-laws, regulatory policy, guidance or codes of practice of any local or statutory or Competent Authority (as the case may be) having jurisdiction over the territory in which the Named Project is situated;

LLR Dwelling means an AHP Dwelling let or to be let at a London Living Rent and on terms which comply with the applicable provisions of Condition 11.4;

LLR Rent Level means a rent which does not exceed the rent level published by GLA at www.london.gov.uk/londonlivingrent as adjusted by GLA from time to time;

LLR Tenant means an individual who fulfils the criteria for an occupant of an LLR Dwelling set out in the Affordable Housing Capital Funding Guide;

London means the administrative area of the Greater London Authority from time to time;

London Living Rent means a rent which does not exceed the LLR Rent Level (inclusive of service charges) for an equivalent property of the relevant size and number of bedrooms in the relevant Ward and which is set in accordance with the applicable requirements of Legislation and the Affordable Housing Capital Funding Guide and any other relevant guidance issued by the Regulator (as any of the same may be amended, replaced or updated from time to time);

London Living Wage means the basic hourly wage (before tax, other deductions and any increase for overtime) calculated annually by the Resolution Foundation and overseen by the Living Wage Commission, or any successor body carrying out the relevant calculation as such hourly wage may be updated from time to time;

Material Adverse Effect means the effect of any event or circumstance which is reasonably likely to be materially adverse to the ability of the Grant Recipient to comply with the terms of this Agreement or (as the context requires) to deliver the Approved Bid or a Named Project on the basis agreed under this Agreement and/or within the time limits (if any) for doing so;

MHCLG means the Ministry of Housing, Communities & Local Government (or any successor body with similar or equivalent jurisdiction or authority);

Milestone means the Acquisition Milestone (where agreed by GLA in its absolute discretion in respect of a Named Project), Start on Site, Practical Completion and such other stages of a Named Project labelled as a "milestone", in each case as set out in OPS and agreed by the parties;

Milestone Date means the date agreed by the GLA through OPS by which the relevant Milestone must have been achieved (as the same may be extended by the GLA pursuant to Condition 8.1);

Milestone Extension Event means any of the following:

- (a) exceptionally adverse weather conditions;
- (b) delay in receipt of any necessary permission or approval of any statutory body or other person which the Grant Recipient has taken all practicable steps to avoid or reduce;
- (c) the exercise after the date of this Agreement by the United Kingdom Government of any statutory power which directly affects the execution of the Works necessary to the delivery of the Named Project by restricting the availability or use of labour which is essential to the proper carrying out of such Works or preventing the Grant Recipient from, or delaying in, securing such goods or materials or such fuel or energy as are essential to the proper carrying out of such Works;
- (d) the use or threat of terrorism and/or the activity of the relevant authorities in dealing with such use or threat;
- (e) fire, explosion, lightning, storm, tempest, flood, bursting or overflowing of water tanks, apparatus or pipes, ionising radiation, earthquakes, riot and civil commotion;
- (f) failure by any statutory undertaker, utility company or other like body to carry out works or provide services;
- (g) any accidental loss or damage to the development or any roads servicing it;
- (h) any failure or shortage of power, fuel or transport;
- (i) any blockade or embargo;
- (j) any:
 - i official or unofficial strike;
 - ii lockout;
 - iii go-slow; or
 - iv other dispute,

generally affecting the house building industry or a significant sector of it;

- (k) the appointment of the Building Contractor under the Building Contract has been terminated or the Building Contract has been terminated (where applicable); or
- (l) any material failure by the Building Contractor under the terms of the Building Contract (where applicable) which has the direct result of delaying the Grant Recipient's compliance with a Milestone Date and which did not result from the Grant Recipient's failure effectively to manage the Building Contract; or
- (m) any impediment, prevention or default, whether by act or omission by the GLA except to the extent caused or contributed to by any default, whether by act or omission, of the Grant Recipient,

unless:

- A any of the events arise (directly or indirectly) as a result of any wilful or negligent default or wilful or negligent act of the Grant Recipient or, save in respect of the event referred to in (k) above, any of its Subcontractors of any tier; or
- B in respect of the event referred to in (f) above, such event arises as a result of any failure by the Grant Recipient (whether wilful or otherwise) to notify the relevant statutory undertaker or utility company of the requirement for works or services to be completed by the date required to enable the Grant Recipient to complete the Named Project by the Named Project Completion Date;

Milestone Failure means a failure by the Grant Recipient fully to achieve any Milestone by the relevant Milestone Date;

Minimum Building Safety Standard means the five standards set out in paragraph 40 of the Guidance;

Minimum SO Lease and LLR Term means a lease with a term of at least nine hundred and ninety (990) years (save where expressly agreed otherwise with the prior written consent of the GLA in its absolute discretion);

Minimum Unexpired Term means the relevant lease has an unexpired term of, having regard to the acknowledgment set out in paragraph 16 of the Agreed Principles, at least one hundred and twenty five (125) years;

MMC Project means a Named Project comprised exclusively of dwellings constructed using one of the Modern Methods of Construction;

Modern Methods of Construction means the methods of construction identified in Section 2.3.35 (*Modern Methods of Construction (MMC) categories for schemes*) in the Chapter of the Affordable Housing Capital Funding Guide entitled "Procurement and Scheme issues";

Named (Indicative) Project means a Named Project which comprises solely of dwellings Profiled pursuant to Condition 6.1.2 and accepted by the GLA as a Named Project;

Named Project means each project for the development of AHP Dwellings as has been fully detailed in OPS and accepted by the GLA through OPS as a Named Project as at the date hereof or in accordance with any of Conditions 6.1 or 9.4 and, for the avoidance of doubt, includes any Named (Indicative) Projects;

Named Project Completion Date means the date set out in the Named Project Delivery Timetable by which the Site acquisition (if applicable) and Practical Completion must have been achieved;

Named Project Delivery Timetable means the timetable for the acquisition, construction, development (and/or Rehabilitation) and delivery (including delivery of the Milestones) of each Named Project as agreed by the GLA through OPS;

Named Project Details means the descriptive and other details in respect of each Named Project as agreed by the GLA through OPS (as the same may be varied from time to time in accordance with the terms of this Agreement);

Named Project Grant means the amount of grant payable by the GLA in respect of a Named Project as set out in the relevant Named Project Details, which for the avoidance of doubt excludes RCGF Funds;

Named Project Practical Completion Date means the date set out in the Named Project Delivery Timetable by which the Named Project must have achieved Practical Completion;

Named Project Start Date means the date set out in the Named Project Delivery Timetable by which the Named Project must have achieved Start on Site;

NHBC means the National House-Building Council;

Non Compliance Notification Date means the date on which the GLA notifies the Grant Recipient that it has become aware that a Named Project in respect of which Total Project Grant has been paid or utilised does not meet the Named Project Details;

Non Start Indicative Dwelling means an Unprofiled Indicative Dwelling which does not or will not achieve Start on Site in the relevant Start Year;

Open Book Basis means the full and transparent disclosure and declaration of all information which the Grant Recipient or a Grant Recipient Party is required to maintain, keep or disclose under this Agreement including all price components including profit margins, central office overheads, Site overheads, preliminaries, contingencies and the cost of all materials, goods, equipment, work and services, apportionments of such items together with all and any books of accounts together with such other information as the GLA reasonably requires to monitor compliance with the United Kingdom Competition Requirement;

Open Book Obligations mean the obligations set out in Condition 20;

² Grant Recipients to note: the intention is for all Indicative Proposals to be profiled into "Named Projects". The delineation between a Named Project and a Named (Indicative) Project is seeking to distinguish between the origins of that Named Project. If the dwellings in a Named Project are from the Indicative Proposals, the term Named (Indicative) Projects will be used as some provisions of this Agreement relate specifically to Named Projects which originated from the Indicative Proposals.

OPS means the "GLA Open Project System", being the GLA's on-line investment management system from time to time or any successor system;

Original Approved Bid means the aggregate of the Indicative Proposals and Named Projects accepted by the GLA pursuant to Conditions 5 and 6 at the date of this Agreement;

Other Affordable Housing means Affordable Housing (but excluding LLR Dwellings, SR Dwellings and SO Dwellings) of the type described in the Affordable Housing Capital Funding Guide which, if accepted by GLA on OPS (in its absolute discretion), is more particularly described in the Named Project Details;

Permitted Disposal means any of the following:

- (a) the grant of a tenancy (compliant with Condition 11.4) in respect of a LLR Dwelling or a SR Dwelling;
- (b) the grant of a Shared Ownership Lease (which, for the avoidance of doubt, does not include the subsequent acquisition by the occupier of an increased share of the equity of the relevant SO Dwelling) that is not as a result of a conversion from an LLR Dwelling to a SO Dwelling;
- (c) a disposal to a statutory undertaker for the purposes of the supply or transmission (whether exclusively or otherwise) of statutory services to the Site;
- (d) a disposal pursuant to or required by a planning obligation within the meaning of Section 106 or Section 299A of the Town and Country Planning Act 1990 in connection with the Named Project;
- (e) a disposal to a highway authority for the purposes of or in connection with the adoption of roads, footpaths or cycleways on the Site;
- (f) the grant of any mortgage or charge; or
- (g) the grant of an easement;

Personal Data has the meaning ascribed to it in the Data Protection Legislation;

Planning Permission means the grant of detailed planning permission either by the local planning authority or the Secretary of State;

POE means the Post-Occupancy Evaluation, initial details of which are set out on the following website https://www.london.gov.uk/sites/default/files/poe_pilot_information_sheet.pdf (or any successor website notified to the Grant Recipient by the GLA) as the same may be updated or replaced by provisions within the Affordable Housing Capital Funding Guide or such other guidance issued by the GLA and notified to the Grant Recipient;

Practical Completion means that stage in the execution of a Named Project when the Works have been completed in accordance with the terms of the relevant Building Contract and/or the terms of this Agreement such that the AHP Dwellings comprised within the Named Project are fit for beneficial occupation as a residential development in

accordance with any applicable NHBC or equivalent requirements current at the date of any required inspection subject only to the existence of minor defects and/or minor omissions at the time of inspection which are capable of being made good or carried out without materially interfering with the beneficial use and enjoyment of the Named Project and which would be reasonable to include in a snagging list, and Practically Complete shall be construed accordingly;

Practical Completion Tranche Grant means subject to Condition 6.3 such sum as is equivalent to the percentage of the Named Project Grant recorded on and agreed by GLA through OPS;

Practical Completion Tranche Payment Date means in relation to a Named Project such date as the GLA may have accepted in OPS as the date on which a claim for Practical Completion Tranche Grant may be made;

Previous AHP Programme means any capital grant funding programme administered by GLA supporting the delivery of affordable housing other than AHP 2021/26;

Process has the meaning ascribed to it in the Data Protection Legislation and **Processing** shall be construed accordingly;

Procurement Law means the Public Contracts Regulations 2015, the Concession Contracts Regulations 2016 (insofar as the same are applicable) together with any statutory modification or replacement regulations or Legislation on procurement by public bodies;

Professional Team means (as applicable) the architect, civil & structural engineer, the mechanical & electrical engineer and any other consultant appointed by the Grant Recipient in connection with a Named Project;

Profile means the incorporation of one or more Unprofiled Indicative Dwelling(s) into a Named Project accepted by GLA pursuant to the procedures set out in Condition 6.1;

Prohibited Act means:

- (a) offering, giving or agreeing to give to any servant of the GLA any gift or consideration of any kind as an inducement or reward:
 - i for doing or not doing (or for having done or not having done) any act in relation to the obtaining or performance of this Agreement; or
 - ii for showing or not showing favour or disfavour to any person in relation to this Agreement;
- (b) entering into this Agreement or any other agreement with the GLA relative to this Agreement in connection with which commission has been paid or has been agreed to be paid by the Grant Recipient or on its behalf, or to its knowledge, unless before the relevant agreement is entered into particulars of any such commission and of the terms and conditions of any such agreement for the payment thereof have been disclosed in writing to the GLA;
- (c) committing any offence:

- i under Legislation creating offences in respect of fraudulent acts;
 - ii at common law in respect of fraudulent acts in relation to this Agreement; or
 - iii under the Bribery Act 2010 or the Criminal Finances Act 2017; or
- (d) defrauding or attempting to defraud or conspiring to defraud the GLA or the Regulator;

Project Default has the meaning given to it in Condition 19.2;

Project Termination Event means an event pursuant to which this Agreement may be terminated in relation to a particular Named Project pursuant to Condition 19.6;

Protected Characteristics has the meaning ascribed to it in the Equality Act 2010;

Public Sector Funding means all funding or subsidy in relation to a Named Project in money or money's worth (including the Agreement Funding) received or receivable by the Grant Recipient from public sector bodies including for this purpose funding from government bodies (whether national or local), the European Union or bodies in receipt of lottery funds from the National Lottery Distribution Fund pursuant to the National Lotteries Acts 1993 and 1998 and any further funding by the GLA not provided under this Agreement;

Purchase Point means the date upon which a SO Dwelling is sold to its first purchaser or in relation to a LLR Dwelling a date which is not earlier than ten (10) years after the point at which such LLR Dwelling first becomes available for letting;

Quarter means the period between each Quarter Date;

Quarter Date means 31 March, 30 June, 30 September or 31 December;

RCGF means the Recycled Capital Grant Fund maintained by the Grant Recipient in accordance with the Recovery Determination;

RCGF Funds means that amount of the Grant Recipient's RCGF which the parties have agreed will be applied towards the Development Costs;

Recover has the meaning set out in the Recovery Determination;

Recoverable Amount has the meaning ascribed to it in Condition 18.2;

Recoverable Project Grant means the aggregate of the Named Project Grant paid to and the RCGF Funds used by the Grant Recipient in relation to a Named Project;

Recovery Determination means the Recovery of Capital Grants from Registered Providers and Recycled Capital Grant Fund (Greater London) General Determination 2017 and any successor determination or other instrument;

Reduction Amount means an amount equal to the sum of the following calculation:

Reduction Amount = Indicative Year Allocation – Profiled Amount

Where:

Indicative Year Allocation means the aggregate amount of grant allocated to the Indicative Proposals that are to have been Profiled into Named Projects by 30 June (or such later date agreed by the GLA, in its absolute discretion) in the relevant Start Year as set out on OPS;

Profiled Amount means the aggregate grant allocated to the Indicative Proposals which have been Profiled into Named Projects by 30 June in the relevant Start Year (or such later date agreed within the relevant Start Year by the GLA, in its absolute discretion);

Register means the register maintained by the Regulator pursuant to Section 111 of the HRA 2008;

Registered Provider means an English local authority entered on the Register pursuant to paragraph 3 of the Housing and Regeneration Act 2008 (Registration of Local Authorities) Order 2010;

Regulator means the Regulator of Social Housing established pursuant to Chapter 2 of Part 2 of the HRA 2008 or any similar future authority (including any statutory successor) carrying on substantially the same regulatory or supervisory functions;

Regulatory Body means any government departments or regulatory, statutory and other entities, committees and bodies which, whether under statute, rules, regulations, codes of practice or otherwise, are entitled to regulate, investigate, or influence the matters dealt with in this Agreement, the AHP Dwellings delivered pursuant to this Agreement or any other affairs of the GLA;

Rehabilitated or **Rehabilitation** or **Rehabilitating** shall have the meaning ascribed in sub-section 2.3 of the Affordable Housing Capital Funding Guide entitled "Procurement and Scheme Issues";

Relevant Authority means any governmental or other authority, court with relevant jurisdiction, the local planning authority, landlord, funder, adjoining landowner or any other person whose consent is required to undertake the Works necessary to the delivery of the Named Project or perform the Grant Recipient's obligations under this Agreement;

Relevant Event has the meaning attributed to it in the Recovery Determination;

Remediation Plan has the meaning ascribed to it in Condition 23.4.1;

Rent Standard means any standard set by the Regulator in relation to rent (including any associated explanatory notes or guidance) from time to time under Section 194 of the HRA 2008 pursuant to any then applicable Direction;

Request for Information/RFI shall have the meaning set out in FOIA or any request for information under EIR which may relate to the Named Projects, this Agreement or any activities or business of the parties;

Required Affordable Percentage means the percentage set out in respect of each Named Project on OPS and approved by GLA (in its absolute discretion) which represents the total the number of Affordable Habitable Rooms that must be provided on the Development Site when expressed as a percentage of the total number of Habitable

Rooms, as such percentage may be amended from time to time in accordance with Condition 7;

Resident Ballot Requirement means the obligation to undertake a resident ballot on the basis set out in Section 8 of the Affordable Housing Capital Funding Guide where the Named Project is an Estate Regeneration Project and GLA has not provided the Grant Recipient with an extant Exemption Certificate;

RIDDOR means Reporting of Injuries Diseases and Dangerous Occurrences Regulations 1995;

Right to Buy means the right to purchase a dwelling at a discount conferred on tenants of Councils by Part V of the Housing Act 1985;

RTB Funds means receipts retained by the Grant Recipient pursuant to the exercise of the Right to Buy which shall include any grant paid to the Grant Recipient pursuant to a Right to Buy Ringfence Agreement entered into by the GLA and the Grant Recipient;

Section 15 Direction means a direction made by the Secretary of State under Section 15 of the Local Government Act 1999;

Section 106 Agreement means an agreement in respect of and affecting any AHP Dwelling (or prospective AHP Dwelling) made pursuant to Section 106 of the TCPA and/or Section 33 of the Local Government (Miscellaneous Provisions) Act 1982 and/or Section 38 and/or Section 278 of the Highways Act 1980 and/or Section 104 of the Water Industry Act 1991 or an agreement with any Relevant Authority or body relating to other services;

Section 106 Project means a Named Project where the development of AHP Housing forms or will form part of a wider non AHP Housing project and is required pursuant to:

- (a) a Section 106 Agreement; and/or
- (b) any condition attached to or imposed upon any decision by a Relevant Authority to grant planning permission or reserved matters approval under Part III of the Town and Country Planning Act 1990 (including any approvals issued pursuant to conditions);

Section 114 Report means a report made under Section 114(3) or Section 114A of the Local Government Finance Act 1988;

Secure Legal Interest means:

- (a) with respect to each Named Project which comprises only SO Dwellings, a SLI (SO/LLR Accommodation); or
- (b) with respect to each Named Project which comprises at least one SO Dwelling or LLR Dwelling and at least one SR Dwelling:
 - i a SLI (SO/LLR Accommodation) in relation to each SO Dwelling or LLR Dwelling; and
 - ii a SLI (Rented Accommodation) in respect of each SR Dwelling ; or

- (c) with respect to each Named Project which comprises only of SR Dwellings, a SLI (Rented Accommodation);

provided that in each case, where the Grant Recipient possesses:

- (d) the freehold estate and one or more leasehold interests derived from the freehold estate; or
- (e) more than one leasehold interest in a chain of leases,

in any Named Project, the interest which is the lowest leasehold interest owned by the Grant Recipient in the chain of leases must satisfy limb (a), (b) or (c) above (as applicable);

Shared Ownership Lease means a shared ownership lease that:

- (a) satisfies the definition of "Shared ownership arrangements" as set out in Section 70 of the HRA 2008; and
- (b) meets any applicable requirements of the Affordable Housing Capital Funding Guide;

Site means the site identified to the GLA in OPS as being the area of land, buildings or dwelling-houses comprised or to be comprised in a Named Project;

SLI (SO/LLR Accommodation) means the Grant Recipient has in respect of the Site;

- (a) freehold title registered with title absolute;
- (b) leasehold title registered with title absolute where the lease has an unexpired term which is sufficient for the Minimum SO Lease and LLR Term to be granted at the Purchase Point; or
- (c) either:
 - i freehold title registered with possessory title; or
 - ii leasehold title registered with good leasehold title where the lease has an unexpired term which is sufficient for the Minimum SO Lease and LLR Term to be granted at the Purchase Point;

and, in each case defective title indemnity insurance in favour of the Grant Recipient with a limit of indemnity to at least the Named Project Grant for that Site; or

- (d) a binding contract with the owner of the legal and beneficial interest in the Site to acquire one of the interests in limbs (a), (b) or (c) and that acquiring that interest is conditional only upon matters that are within the direct and unilateral control of the Grant Recipient;

SLI (Rented Accommodation) means the Grant Recipient has in respect of the Site;

- (a) freehold title registered with title absolute;

- (b) leasehold title registered with title absolute where the lease has a Minimum Unexpired Term; or
- (c) either:
 - i freehold title registered with possessory title; or
 - ii leasehold title registered with good leasehold title where the lease has a Minimum Unexpired Term,

and, in each case defective title indemnity insurance in favour of the Grant Recipient with a limit of indemnity to at least the Named Project Grant for that Site; or
- (d) a binding contract with the owner of the legal and beneficial interest in the Site to acquire one of the interests in limbs (a), (b) or (c) and that acquiring that interest is conditional only upon matters that are within the direct and unilateral control of the Grant Recipient;

SO Consultation Outcome means the document entitled "New model for Shared Ownership: technical consultation - summary of responses" published by MHCLG on 1 April 2021 (as may be supplemented, amended or updated from time to time);

SO Dwelling means an AHP Dwelling to be disposed of on Shared Ownership Lease terms;

Social Rent means a rent calculated in accordance with the formula for calculating social rents set out in the Rent Standard (subject to any contrary Legislation);

SR Dwelling means an AHP Dwelling let or to be let at a Social Rent and on terms which comply with the applicable provisions of Condition 11.4.8;

Start on Site means the occurrence of all of the following in relation to a Named Project:

- (a) the Building Contract has been entered into;
- (b) the Building Contractor has taken possession of the Site; and
- (c) the Start on Site Works to the Site have commenced;

Start on Site Tranche Grant means subject to Condition 6.3 such sum as is equivalent to the percentage of the Named Project Grant recorded on and agreed by GLA through OPS;

Start on Site Tranche Payment Date means in relation to a Named Project such date as the GLA may have accepted in OPS as the date on which a claim for Start on Site Tranche Grant may be made;

Start on Site Works means any work of construction or demolition in relation to any dwelling including:

- (a) the digging of a trench which is to contain the foundations, or part of the foundations, of such dwelling;

- (b) the laying of any underground main or pipe to the foundations, or part of the foundations, of such dwelling or to any such trench as per (a) above;
- (c) any operation in the course of laying out or constructing a road or part of a road; or
- (d) such works of demolition or service diversion as are set out in Section 2 of the Affordable Housing Capital Funding Guide

Start Year has the meaning ascribed to it in limb (a) of the definition of "Indicative Proposals";

Subcontractor means any subcontractor including without limitation any Building Contractor appointed by the Grant Recipient to undertake all or part of the Works;

Subsidy means any direct or indirect financial assistance which:

- (a) arises from the resources of the United Kingdom Government, devolved government, other public authority in the United Kingdom or an emanation of any of these, including:
 - i a direct or contingent transfer of funds such as direct grants, loans or loan guarantees;
 - ii the forgoing of revenue that is otherwise due;
 - iii the provision of goods or services, or the purchase of goods or services; or
 - iv a measure analogous to these,
- (b) confers an economic advantage on one or more economic actors;
- (c) is specific insofar as it benefits, as a matter of law or fact, certain economic actors over others in relation to the production of certain goods or services; and
- (d) has, or could have, an effect on trade or investment between the United Kingdom and any part of the European Economic Area and/or any other country or countries which the United Kingdom has entered into a trade agreement with which has provisions in respect of public sector funding arrangements;

Tenancy Standard means the tenancy standard published by the Regulator from time to time pursuant to its power under Section 193 of the HRA 2008;

Tenure Type means one of the following tenure types:

- (a) a letting on Shared Ownership Lease terms;
- (b) a letting at a London Living Rent; or
- (c) a letting permanently at a Social Rent;

The London Plan means the document entitled "The London Plan – The Spatial Development Strategy for Greater London" published by the GLA in March 2021 (as the same may be amended or updated from time to time);

Total Project Grant means the aggregate of the Named Project Grant paid to and the RCGF Funds used by the Grant Recipient under or in connection with a Named Project;

Tranche means (as applicable) any of the Acquisition Tranche Grant, Start on Site Tranche Grant or the Practical Completion Tranche Grant;

Transparency Commitment means the GLA's commitment to publishing its agreements, contracts, tender documents and data from invoices and claims received in accordance with the Local Government Transparency Code 2015 and the GLA's Contracts and Funding Code;

UK GDPR means the retained EU law version of the General Data Protection Regulation ((EU) 2016/679), defined in the Data Protection, Privacy and Electronic Communications (Amendments etc) (EU Exit) Regulations 2019, as amended, updated or replaced from time to time;

United Kingdom Competition Requirement means as provided for in Section 29 of the European Union (Future Relationship) Act 2020 and/or such other Legislation and/or regulations and/or guidance issued by the Secretary of State and/or approved by Parliament which is in force and/or applies in England which regulates Subsidy;

Unlawful Subsidy means Subsidy which is in contravention of or is an infringement of the United Kingdom Competition Requirement;

Unprofiled Indicative Dwelling means an LLR Dwelling, SR Dwelling or SO Dwelling forming part of the Indicative Proposals that has not yet been Profiled into a Named Project in accordance with the requirements of this Agreement;

VAT means Value Added Tax as presently charged under the Value Added Tax Act 1994 or any tax of a similar nature;

Waiver Condition means provision of satisfactory evidence by the Grant Recipient to the GLA that the relevant Prohibited Act was committed by:

- (a) an employee acting independently of the Grant Recipient;
- (b) a Subcontractor of any tier (or any employee of a Subcontractor not acting independently of the Subcontractor);
- (c) an employee of a Subcontractor of any tier acting independently of such Subcontractor; or
- (d) any person not specified in parts (a), (b) or (c),

and the GLA is satisfied that the Grant Recipient and/or the Subcontractor (as applicable) has taken such action as is appropriate taking in to account the nature and the circumstances of the relevant Prohibited Act. "Acting independently" for these purposes means not acting with the authority or knowledge of any one or more of the directors of the Grant Recipient or relevant Subcontractor;

Ward means each of the electoral wards in London in respect of which GLA will determine the LLR Rent Level;

Withholding Event means an event or circumstance of the type described in Condition 17.1; and

Works means in relation to each Named Project all of the works (including the Start on Site Works, the design, infrastructure works and all other works necessary for obtaining access to the AHP Dwellings) (if any) to be undertaken in order to ensure that the AHP Dwellings are constructed, developed, repaired, converted, refurbished and/or Rehabilitated (as applicable) in accordance with the Named Project Details.

1.2 Interpretation

1.2.1 Words denoting any gender include all other genders.

1.2.2 The singular includes the plural and vice versa.

1.2.3 Any reference in this Agreement to any condition, sub-condition, paragraph, schedule, section heading or annexure is, except where it is expressly stated to the contrary, a reference to such condition, sub-condition, paragraph, schedule or section heading of this Agreement.

1.2.4 Any reference to this Agreement or to any other document or publication shall include (except where expressly stated otherwise) any variation, amendment or supplement to or restatement of such document or publication to the extent that such variation, amendment, supplement or restatement is not prohibited under the terms of this Agreement.

1.2.5 Any reference to any enactment, order, direction, determination, regulation or similar instrument shall (except where expressly stated otherwise) be construed as a reference to the enactment, order, direction, determination, regulation or instrument as amended, replaced, consolidated or re-enacted.

1.2.6 A reference to a person includes firms, partnerships and corporate bodies and their successors and permitted assignees or transferees.

1.2.7 Headings are for convenience of reference only.

1.2.8 A party means a party to this Agreement.

1.2.9 The words includes or including are to be construed without limitation.

1.2.10 Where any discretion is granted by this Agreement to any party, that party shall be entitled to exercise that discretion freely and without fetter (implied or otherwise).

1.2.11 A paragraph in a Schedule shall be construed as reference to a paragraph in that particular Schedule.

1.2.12 A deliberate act or omission of any person shall exclude acts or omissions which were within the contemplation of the parties or which were otherwise provided for in this Agreement.

- 1.2.13 In any case where the consent or approval of the GLA (or any officer of the GLA) is required or a notice is to be given by the GLA, such consent or approval or notice shall only be validly given if it is in writing (including by email) and signed (or sent, if by email) by (if relevant) the officer stipulated in this Agreement or such other person as may be specified by the GLA by notice in writing to the Grant Recipient.
- 1.2.14 An obligation to do anything includes an obligation to procure its being done.
- 1.2.15 Any restriction includes an obligation not to permit infringement of the restriction.
- 1.2.16 When there are two or more persons affected by the obligations under this Agreement such obligations are to bind each such person jointly and severally.
- 1.2.17 The terms "Site", "Named Project" and "Named (Indicative) Project" include each and every part of it.
- 1.2.18 Save where a contrary intention is shown, any reference to the GLA acting reasonably shall be interpreted as requiring the GLA to act in a commercially reasonable manner and any reference to the exercise of discretion by GLA shall be construed as permitting GLA to exercise its discretion freely and without constraint of any kind.
- 1.2.19 If there is any ambiguity or conflict between the implied terms and the express terms of this Agreement then the express terms shall prevail.
- 1.2.20 The Grant Recipient shall in relation to the delivery of its obligations under this Agreement be responsible as against the GLA for the acts or omissions of any Grant Recipient Party as if they were the acts or omissions of the Grant Recipient.
- 1.2.21 Neither the giving of any approval, consent, examination, acknowledgement, knowledge of the terms of any agreement or document nor the review of any document or course of action by or on behalf of the GLA shall, unless otherwise expressly stated in this Agreement or agreed in writing by the GLA, relieve the Grant Recipient of any of its obligations under this Agreement or of any duty which it may have hereunder to ensure the correctness, accuracy or suitability of the matter or thing which is the subject of the approval, consent, examination, acknowledgement or knowledge nor confer impose or imply any liability or responsibility on or on behalf of the GLA in respect of or in connection with the matter to or in relation to which such approval consent examination acknowledgement was given or review made.
- 1.2.22 The terms "Agreement Funding" "Allocated Total Grant" "Allocated Net Grant" "Capital Grant", "Named Project Grant" "Recoverable Project Grant" and "Total Project Grant" shall (unless the context precludes such interpretation) include every Tranche thereof.
- 1.2.23 Any reference to Section 8 of the Affordable Housing Capital Funding Guide in this Agreement refers to the section entitled "Resident Ballots for Estate Regeneration Projects" of such guide.

- 1.2.24 Any terms used in the definition of "Subsidy" shall, unless the context requires otherwise, be construed as having the meaning given to them in the EU-UK Trade and Cooperation Agreement.
- 1.2.25 Any reference to a Section and/or a Chapter of the Affordable Housing Capital Funding Guide in this Agreement shall refer to any successor, replacement or amendment of such Section or Chapter from time to time.
- 1.2.26 A reference to "average" under this Agreement is a reference to the calculation of the mean average.
- 1.2.27 Where the term "average of the grant rates" is used, each grant rate shall be treated as including any RCGF Funds used in respect of the relevant AHP Dwelling.

2 Purpose

- 2.1 In consideration of the sum of £1 (receipt of which the GLA hereby acknowledges), the GLA has agreed to:
- 2.1.1 make the Allocated Net Grant available to the Grant Recipient; and
- 2.1.2 permit the Grant Recipient to use the Allocated RCGF Funds,
- to enable the Grant Recipient to provide the AHP Dwellings subject to and in accordance with the terms and conditions of this Agreement.
- 2.2 Each party undertakes to co-operate with the other to facilitate the proper performance of this Agreement and the delivery of the Named Projects.

3 Acknowledgements, Representations and Warranties

- 3.1 Without prejudice to any other term of this Agreement, the Grant Recipient:
- 3.1.1 expressly acknowledges the Agreed Principles and agrees to observe them and to be bound by them;
- 3.1.2 represents and warrants in the terms set out in Part 2 of Schedule 1 to the GLA on the date hereof and on each day during the currency of this Agreement; and
- 3.1.3 acknowledges and agrees that the GLA is relying on such representations and warranties and that each of such warranties and representations shall be separate and independent and, save as expressly provided to the contrary, shall not be limited by reference to any of them or by any other provisions of this Agreement.

4 Subsidy

- 4.1 The parties acknowledge that they have structured this Agreement with the objective that it is lawful and does not give rise to Subsidy.
- 4.2 Notwithstanding anything in this Agreement, the GLA shall only provide any Named Project Grant to the extent that such payment does not give rise to Unlawful Subsidy.

4.3 Notwithstanding Conditions 4.1 and 4.2 of this Agreement if any Named Project Grant is found to constitute Unlawful Subsidy (or is under investigation or subject to judicial proceedings in relation to Unlawful Subsidy) then:

4.3.1 the parties acting in good faith will promptly seek to restructure the arrangements surrounding the Named Project Grant and the terms of this Agreement to the extent necessary to ensure that no Unlawful Subsidy subsequently arises from it; and/or

4.3.2 the parties shall promptly cooperate in good faith to provide evidence that the Named Project Grant (or the restructured Named Project Grant) does not or will not give rise to Unlawful Subsidy.

4.4 If any Named Project Grant is found to constitute Unlawful Subsidy and/or is not capable of being restructured so as to be compliant then the Grant Recipient must repay any sum of Unlawful Subsidy plus such interest as is prescribed by the United Kingdom Competition Requirements within fifteen (15) Business Days of the GLA issuing it with a written demand for payment.

4.5 If, following the date of this Agreement, the law requires the GLA to amend this Agreement to comply with the United Kingdom Competition Requirements then the GLA may, acting reasonably, provide written notice to the Grant Recipient to vary this Agreement to the extent necessary to comply with such change in law.

5 **Indicative Proposals**

5.1 The Grant Recipient confirms that such details of its proposals for the development of a specified number of further SR Dwellings, LLR Dwellings and/or SO Dwellings, including delivery timescales, as are required by the GLA have been uploaded onto OPS by the date of this Agreement.

5.2 Where the proposals referred to in Condition 5.1 are accepted by the GLA through OPS, they will become Indicative Proposals for the purposes of this Agreement with effect from the date of their acceptance by the GLA in OPS and the provisions Conditions 5.3 to 5.11 (inclusive) shall apply.

5.3 The Grant Recipient must ensure that the Indicative Proposals are worked up so that the Annual Committed Number of Unprofiled Indicative Dwellings are:

5.3.1 Profiled into Named Projects on OPS in accordance with the procedures set out in Condition 6.1; and

5.3.2 achieve Start on Site in the relevant Start Year.

5.4 If the Grant Recipient fails (or in the opinion of the GLA, acting reasonably, is likely to fail) to comply with its obligations under Condition 5.3, the GLA shall (without prejudice to its other rights under this Agreement) be entitled to:

5.4.1 reduce the Indicative Allocation by the Reduction Amount and shall have no further obligation to the Grant Recipient in relation to any Non Start Indicative Dwelling (or any aggregation thereof); and/or

- 5.4.2 instigate an Interim Reconciliation Exercise.
- 5.5 Once Unprofiled Indicative Dwellings have been Profiled into one or more Named Projects on OPS in accordance with Condition 6.1.2 and accepted by GLA, the Indicative Allocation shall be reduced by an amount equal to the Named Project Grant allocated to those Named (Indicative) Projects.
- 5.6 Any reduction in the Indicative Allocation made pursuant to Condition 5.4.2 will result in a commensurate reduction in the Allocated Total Grant.
- 5.7 The Grant Recipient confirms that it has received, through OPS, confirmation of the Average Grant Rate for each Tenure Type and the Grant Recipient acknowledges and agrees that it will use all reasonable endeavours to ensure that by the date that the final Unprofiled Indicative Dwelling is Profiled into a Named Project in accordance with the requirements of this Agreement, the average of the grant rates (set out on OPS) applied to all AHP Dwellings comprised in Named (Indicative) Projects by Tenure Type will be equal to or less than the Average Grant Rate for that Tenure Type.
- 5.8 The Grant Recipient may, with the consent of the GLA (to be provided in its absolute discretion), be entitled to upload additions to the Indicative Proposals on OPS.
- 5.9 In accepting any additions to the Indicative Proposals, the GLA shall be entitled to adjust OPS to reflect the additions to the Indicative Proposals including adjustment to:
- 5.9.1 the Allocated Net Grant;
 - 5.9.2 the Average Grant Rates;
 - 5.9.3 the Indicative Allocation; and
 - 5.9.4 the Annual Committed Number for the applicable Start Year(s).
- 5.10 If the GLA (in its absolute discretion) rejects the submission of additions to the Indicative Proposals on OPS, such additions shall be disregarded and the Agreement shall continue on the basis of the Indicative Proposals set out on OPS prior to the submission of any additions pursuant to Condition 5.8.
- 5.11 If the GLA has exercised its rights under Condition 5.4.1, such Non Start Indicative Dwellings shall be deemed to be removed from the Indicative Proposals.

6 **Named Projects**

- 6.1 The Grant Recipient must ensure:
- 6.1.1 that it has uploaded such details as are required for each proposed Named Project forming part of the Original Approved Bid onto OPS prior to the date of this Agreement; and
 - 6.1.2 that the Annual Committed Number of Unprofiled Indicative Dwellings within a Start Year are incorporated into one or more Named Projects and uploaded onto OPS by no later than the 30 June in the relevant Start Year

in each case such details to include (but not be limited to) the anticipated Development Costs, the relevant grant rates for each Tenure Type, the proposed Milestones and where the relevant project is accepted by the GLA through OPS, it will become a Named Project for the purposes of this Agreement with effect from the date of its acceptance by the GLA in OPS.

6.2 The Grant Recipient represents and warrants to the GLA in relation to each Named Project that:

6.2.1 the Named Project:

- (a) is in its opinion (acting reasonably) deliverable in accordance with the Named Project Delivery Timetable; and
- (b) comprises no Public Sector Funding beyond that identified in the Named Project Details;

6.2.2 the Grant Recipient:

- (a) possesses or will possess a Secure Legal Interest in the Site;
- (b) has obtained all necessary Consents as are then required for the lawful development and/or Rehabilitation of the Named Project and for the delivery of the Named Project in accordance with the Named Project Details;
- (c) has complied with all applicable requirements of the Affordable Housing Capital Funding Guide in relation to the Named Project;
- (d) is not subject to any Section 15 Direction nor do any circumstances exist which would permit such a direction to be issued; and
- (e) has not nor have any of its officers made a Section 114 Report nor is it aware of any circumstances which would give rise to the making of a Section 114 Report;

6.2.3 the rent levels for any:

- (a) SR Dwelling within the Named Project shall be set at or below a rent calculated in accordance with the formula for calculating social rents set out in Legislation and (to the extent applicable) in the Rent Standard applicable at the point of letting; and
- (b) LLR Dwelling within the Named Project will be set at or below the LLR Rent Levels applicable at the point of letting;

6.2.4 the Additionality Condition is satisfied and the Affordable Percentage Condition is or will be satisfied at Practical Completion;

6.2.5 it is making proper progress against its Indicative Allocation, assessed by reference to the Grant Recipient's progress against:

- (a) its annual Profiling of the Annual Committed Number set out on OPS;

(b) the number of AHP Dwellings comprised within Named (Indicative) Projects which have achieved Start on Site; and

6.2.6 the grant attributed to each AHP Dwelling comprising any Named (Indicative) Project will not prejudice the ability of the Grant Recipient to ensure that the average of the grant rates for the AHP Dwellings delivered or to be delivered would be consistent with the Average Grant Rate for each Tenure Type having regard to paragraph 16 of the Agreed Principles.

6.3 The GLA may in its absolute discretion vary the percentages attributed to Acquisition Tranche Grant, Start on Site Tranche Grant and Practical Completion Tranche Grant from time to time save that, subject to Condition 6.4, no such variation will take effect in relation to any Tranche which has already been paid.

6.4 In exceptional circumstances, the GLA may consider providing an additional tranche of funding for a Named Project outside of the Tranches. In allowing the Grant Recipient to claim an additional tranche (which shall be in GLA's absolute discretion), the GLA shall be entitled to require the Grant Recipient to make additional representations and warranties as a condition of such claim. Any claim for additional tranche shall have due regard to paragraph 12 of Part 1 of Schedule 1 and GLA's rights under Condition 6.3.

6.5 Under no circumstances shall the GLA be obliged to accept any Named Project if the GLA (acting reasonably) believes that it does not, will not or is unlikely to have sufficient financial resources available to it (taking account inter alia of its commitments under the AHP 2021-26 or other programme commitments) to provide Named Project Grant in relation to the relevant project.

6.6 The GLA shall not be obliged to accept any project uploaded onto OPS pursuant to Condition 6.1.2 where the Grant Recipient is failing to perform against the Approved Bid and/or any Previous AHP Programme.

7 **Changes to Named Projects and Required Affordable Percentage**

The parties may from time to time agree changes to the Named Project Details and/or the Required Affordable Percentage and where such changes are agreed they shall be implemented by the Grant Recipient amending the Named Project Details and/or the Required Affordable Percentage in OPS and the confirmation of that amendment by the GLA through OPS and in default of agreement the parties will be bound by the Named Project Details and/or the Required Affordable Percentage as they existed prior to the changes proposed under this Condition 7.

8 **Time extensions**

8.1 Where a Milestone Failure occurs or is in the opinion of the GLA reasonably likely to occur (having regard to any information provided pursuant to any of Conditions 10.1.4, 11.3 or 12) and:

8.1.1 where such failure is directly caused by a Milestone Extension Event the GLA shall, subject always to Condition 8.3, extend the relevant Milestone Date and associated Named Project Completion Date by such period as it (acting reasonably) considers appropriate to take account of the delay caused or likely to be caused by the Milestone Extension Event; or

8.1.2 where such failure is not directly caused by a Milestone Extension Event, the GLA shall notify the Grant Recipient of the Milestone Failure and the parties shall within thirty (30) Business Days of such notification seek to agree revised Milestone Dates and:

(a) where revised Milestone Dates are agreed within such period the Grant Recipient shall promptly amend the Milestone Dates on OPS in accordance with Condition 7; or

(b) where revised Milestone Dates are not agreed within such period the Milestone Failure shall be treated for grant recovery purposes as a Project Default under Condition 19.2.17.

8.2 The GLA shall not be obliged to extend a Milestone Date:

8.2.1 unless a Milestone Extension Event exists; or

8.2.2 in circumstances where such extension would (when taken individually or together with other extensions in relation to the Grant Recipient) in the GLA's reasonable opinion materially and adversely affect the delivery of the Approved Bid or (when taken individually or together with other extensions allowed in relation to the Grant Recipient or other grant recipients of the AHP 2021-26) materially and adversely affect the GLA's projected expenditure profile in relation to any year of the AHP 2021-26 and in particular (but without limitation) such expenditure profile in relation to the last Quarter of the relevant Financial Year.

8.3 Save where GLA has accepted a later date on OPS, the GLA shall not under any circumstances be required or obliged to extend a Named Project Start Date beyond 31 March 2026 and/or a Named Project Practical Completion Date beyond 31 March 2028 but may in its absolute discretion elect to do so.

9 **Additional Projects**

9.1 The parties shall be entitled from time to time to agree to add Additional Projects to those Named Projects comprised within the Original Approved Bid.

9.2 Where Condition 9.1 applies, the Grant Recipient shall submit to the GLA through OPS such details of the proposed Additional Project as the GLA may require. In submitting such details, the Grant Recipient makes the same representations and warranties in relation to the proposed Additional Project as it makes to the GLA pursuant to Condition 6.2.

9.3 The GLA shall consider the Additional Project and if the GLA (in its absolute discretion) is satisfied:

9.3.1 with the information provided;

9.3.2 the level of grant funding requested;

9.3.3 with the Grant Recipient's performance in relation to the Approved Bid and any Previous AHP Programme;

9.3.4 that no Default Event subsists; and

9.3.5 with such other matters as the GLA may from time to time determine,
the GLA shall be entitled (but not obliged) to accept the Additional Project into the Approved Bid and shall confirm such acceptance to the Grant Recipient through OPS.

9.4 With effect from the Additional Project Acceptance Date:

9.4.1 the Additional Project shall be deemed to be a Named Project for the purposes of this Agreement and immediately subject to its whole terms and conditions;

9.4.2 the details set out by the Grant Recipient in respect of the Additional Project in OPS and as confirmed by the GLA through OPS shall be deemed to be Named Project Details for the purposes of this Agreement; and

9.4.3 the Grant Recipient must ensure that it complies with all of its obligations under this Agreement as they apply to such new Named Project.

9.5 If the GLA agrees to make available any grant funding in relation to an Additional Project, the Allocated Total Grant will be deemed to be adjusted by the Total Project Grant agreed by the GLA in OPS in relation to the new Named Project but the Indicative Allocation will remain unchanged.

10 **Delivery Obligations**

10.1 The Grant Recipient must in relation to each Named Project:

10.1.1 carry out the acquisition of the Site (where applicable), procure and diligently pursue the completion of the Works so that:

(a) the Named Project is (subject to Condition 8.1) constructed, delivered and/or Rehabilitated (as applicable) in accordance with the Named Project Delivery Timetable;

(b) when delivered, the Named Project fully complies with the Named Project Details; and

(c) any applicable requirements of Procurement Law and of the Consents are satisfied;

10.1.2 actively market or allocate the SO Dwellings and LLR Dwellings with a view to ensuring (as far as practicable) the disposal or letting of such dwellings to individuals as AHP Housing at Practical Completion (or as soon as reasonably possible thereafter);

10.1.3 advertise all SO Dwellings and LLR Dwellings through the portal at <https://www.london.gov.uk/what-we-do/housing-andland/homes-londoners/search/> or such other website address notified by the GLA to the Grant Recipients from time to time;

10.1.4 promptly notify the GLA in writing of any failure or likely failure to comply with Condition 10.1; and

- 10.1.5 procure that prior to any AHP Dwelling comprised in such Named Project being occupied, any certifications required under any building safety legislation arising out of the Building Safety Bill 2021 in respect of the Named Project (or any part thereof) are obtained (including certification that the AHP Dwelling has passed "Gateway 3", if implemented).
- 10.2 Where a Named Project is an Estate Regeneration Project the Grant Recipient must:
- 10.2.1 comply with the obligations set out in Section 8 of the Affordable Housing Capital Funding Guide; and
- 10.2.2 provide GLA with either:
- (a) the Compliance Checklist, where the Resident Ballot Requirement applies; or
 - (b) in any other circumstances, the Exemption Certificate
- before the Start on Site Tranche Grant is claimed pursuant to Condition 14.1.
- 10.3 The Grant Recipient must deliver the Named Projects in compliance with the Certified Standards.
- 10.4 The Grant Recipient acknowledges that until 31 March 2023 (or such other date as the GLA determines as necessary), the GLA will be piloting the implementation of a DQHAP and/or POE process in respect of its AHP 2021-26 funding arrangements and agrees that, if GLA deems the pilot to be successful, the Grant Recipient will comply with any subsequent requirements of GLA in respect of the implementation and operation of DQHAP and POE processes and in particular the Grant Recipient shall:
- 10.4.1 where notified by GLA in writing (including through electronic means), provide GLA with a copy of the DQHAP within such timeframe as is specified in the notice;
- 10.4.2 implement the DQHAP and provide evidence (satisfactory to GLA, acting reasonably) of such implementation within 12 months from the date of acceptance of the DQHAP by GLA or within such other timeframe that GLA agrees in its absolute discretion;
- 10.4.3 where notified by GLA in writing (including through electronic means), carry out a POE (at the Grant Recipient's own cost) within the timeframes set out in such notification; and
- 10.4.4 provide the results of a POE to GLA as soon as practicable following the conclusion of the POE pursuant to Condition 10.4.3.
- 10.5 Where in the GLA's opinion (acting reasonably) the Grant Recipient fails to comply with the provisions of Condition 10.4 (a **DQHAP/POE Breach**):
- 10.5.1 the Grant Recipient must submit for approval its proposed remediation plan (the **Remediation Plan**) to the GLA within fifteen (15) Business Days of the GLA's written notice of the requirement for such Remediation Plan setting out the Grant Recipient's proposals for the steps to be taken to remedy or mitigate the

effects of the DQHAP/POE Breach and a basis for testing whether this has been achieved within the three month period following the DQHAP/POE Breach;

- 10.5.2 the GLA will notify the Grant Recipient as to whether the Remediation Plan is approved as submitted within ten (10) Business Days of its receipt;
 - 10.5.3 if the Remediation Plan is not approved, senior representatives of the parties must meet as soon as practicable (and in any event within ten (10) Business Days of the GLA's notification under Condition 10.5.2 or such later date as the GLA may agree) to try to agree a revised Remediation Plan. In default of agreement, or where no Remediation Plan is submitted to GLA within the requisite timeframe, Condition 17.1.14 shall apply;
 - 10.5.4 if the Remediation Plan is approved, the Grant Recipient must comply with the obligations set out in the Remediation Plan; and
 - 10.5.5 within five (5) Business Days of the end of the three month period from the date of the DQHAP/POE Breach, senior representatives of the parties must meet to review the efficacy of the Remediation Plan in remedying or mitigating the effects of the breach. If in the opinion of the GLA (acting reasonably) the Remediation Plan has not been effective or has not been complied with, the GLA shall be entitled in its absolute discretion either to extend the timeframe for the Remediation Plan's operation or to declare that the Remediation Plan has failed in which case Condition 17.1.14 shall apply.
- 10.6 The Grant Recipient acknowledges that data collected as a result of the POE will be published by GLA on the London Datastore and the Grant Recipient consents to such publication.

11 **Operational Obligations**

- 11.1 In delivering the Named Projects and in operating and administering the Named Project after Practical Completion, the Grant Recipient must observe and comply with Legislation, the applicable terms of the Affordable Housing Capital Funding Guide, the Recovery Determination and the Consents.
- 11.2 The Grant Recipient shall procure that the GLA's Representative (or any person nominated by him) shall have at all reasonable times and upon giving reasonable notice the right to enter onto the Site and to take such action as they consider appropriate to inspect the progress of the Named Project and to monitor compliance by the Grant Recipient with its obligations under this Agreement.
- 11.3 The Grant Recipient must notify the GLA in writing (save in respect of Conditions 11.3.1 and 11.3.2, where notification is required to be given through OPS):
 - 11.3.1 immediately once a Milestone has been achieved with respect to each Named Project;
 - 11.3.2 immediately, in the event of the receipt by it of any other Public Sector Funding or guarantees of it, or the offer of the same, in respect of a Named Project (or

any part of it) beyond any amount of Public Sector Funding notified to the GLA by the Grant Recipient pursuant to Condition 6.1 or Condition 9.2;

- 11.3.3 immediately upon becoming aware of any event or circumstance which may have a Material Adverse Effect;
 - 11.3.4 promptly of any Change in Control relating to the Grant Recipient which it anticipates will occur in next following six month period;
 - 11.3.5 of any other event or circumstance in relation the Named Project as the GLA may reasonably require from time to time and within such timeframes as the GLA may reasonably require; and
 - 11.3.6 immediately as soon as the Grant Recipient becomes aware that the Additionality Condition or the Affordable Percentage Condition will no longer be satisfied.
- 11.4 Without prejudice to Condition 11.1, the Grant Recipient must in operating and administering the Named Project after Practical Completion:
- 11.4.1 not use the AHP Dwellings for any purpose other than the Agreed Purposes without the GLA's prior written consent;
 - 11.4.2 subject always to compliance with the applicable LLR Rent Level, not charge a higher initial rent in relation to a LLR Dwelling than the London Living Rent as set out in the relevant Named Project Details, review the LLR Rent Levels each Financial Year and ensure that the rent for each LLR Dwelling:
 - (a) continues to be:
 - i set and charged in accordance with the criteria of the London Living Rent; and
 - ii increased by no more than the percentage increase in CPI over the twelve (12) month period which ends three (3) calendar months prior to the relevant rent increase date; and
 - (b) on any re-let is set in accordance with the then applicable LLR Rent Level (or lower);
 - 11.4.3 subject to any contrary requirement of Legislation comply with the Rent Standard in respect of the SR Dwellings;
 - 11.4.4 comply with the Tenancy Standard in respect of the SR Dwellings and the LLR Dwellings;
 - 11.4.5 observe and comply with the requirements of the Affordable Housing Capital Funding Guide (and where applicable, the SO Consultation Outcome) in relation to:
 - (a) any disposal of an SO Dwelling and ensure that such disposal takes effect only at arm's length and on market terms;

- (b) (save where expressly agreed with the prior written consent of the GLA, in its absolute discretion) the form and content of any Shared Ownership Lease granted by or to be granted by the Grant Recipient in relation to an AHP Dwelling;
 - (c) the purpose, target group (including any eligibility requirement), letting, rents, management or disposal of SR Dwellings and/or LLR Dwellings (as applicable); and
 - (d) the nature of the housing and/or housing product (as described in the Affordable Housing Capital Funding Guide) being funded pursuant to this Agreement;
- 11.4.6 comply at its own cost with the GLA's requirements in relation to Compliance Audit;
- 11.4.7 in relation to AHP Housing, participate in the CORE system from time to time (including recording any lettings made together with any sales of stock including outright sales and shared ownership sales but excluding any sales of additional equity to the current shared owner);
- 11.4.8 in relation to each SR Dwelling use the most appropriate form of tenancy having regard to the terms of the Tenancy Standard and the efficient use of public funds;
- 11.4.9 ensure that all LLR Dwellings are made available solely to LLR Tenants as LLR Dwellings and ensure that prior to any change to that purpose or to any disposal they are offered for sale to the then current LLR Tenant;
- 11.4.10 ensure that all SR Dwellings are made available on terms which comply with the applicable requirements of the Affordable Housing Capital Funding Guide, Legislation and any other relevant guidance issued by the Regulator (as any of the same may be amended or updated from time to time);
- 11.4.11 ensure that where a Named Project is subject to the Resident Ballot Requirement, the proposals set out in the Landlord Offer are complied with; and
- 11.4.12 comply with any Legislation, instructions, direction, conditions, regulations and guidance issued by any Regulatory Body which are in force and apply in England in relation to building safety.
- 11.5 The Grant Recipient shall ensure that the GLA's requirements from time to time in relation to public relations and publicity for capital projects (including Site signage) as notified to the Grant Recipient from time to time or otherwise as included in the Affordable Housing Capital Funding Guide are observed and implemented in respect of each Named Project.
- 11.6 In discharging its obligations or making any representation or warranty under this Agreement, the Grant Recipient must act at all times with the utmost good faith, with the intent to deliver the Approved Bid and with proper regard to the need for efficiency in the use of public funds.

- 11.7 The Grant Recipient must comply with all applicable laws, statutes, regulations and codes relating to anti-bribery and anti-corruption including but not limited to the Bribery Act 2010 and comply with the GLA's anti-fraud and corruption policies, a copy of which is available here: <https://www.london.gov.uk/about-us/governance-and-spending/good-governance/our-procedures>, in each case as the GLA or the relevant industry body may update from time to time.
- 11.8 Where the Grant Recipient is aware that it is in breach of an obligation under this Condition 11 it must promptly notify the GLA of the fact and take all such steps as are appropriate in the circumstances to remedy the breach.
- 12 **Review, Monitoring and Reporting**
- 12.1 The Grant Recipient must promptly advise GLA when any circumstance occurs which may:
- 12.1.1 impact adversely on the Grant Recipient's ability to deliver any Named Project in accordance with the terms of this Agreement; and/or
 - 12.1.2 impact adversely on the Grant Recipient's ability to Profile the Unprofiled Indicative Dwellings into Named Projects; and/or
 - 12.1.3 constitute a Default Event or a breach of any term of this Agreement; and/or
 - 12.1.4 give rise to the making of a Section 114 Report or the issue of a Section 15 Direction.
- 12.2 The Grant Recipient shall attend a review meeting when required to do so by the GLA acting reasonably and the GLA shall provide the Grant Recipient with written details of the matters to be discussed at the review meeting timeously in advance of such meeting.
- 12.3 The Grant Recipient shall provide the GLA as soon as reasonably practicable with such information as the GLA shall reasonably require to support or facilitate the discussions referred to in this Condition 12 and shall use all reasonable endeavours to ensure the accuracy of any information provided.
- 12.4 The Grant Recipient must keep OPS fully updated and ensure that it accurately reflects the agreed Approved Bid and Named Project Details from time to time.
- 12.5 The Grant Recipient shall promptly:
- 12.5.1 participate in any evaluation of AHP 2021-26 that DLUHC or GLA or its or their agents may require from time to time;
 - 12.5.2 supply (subject always to its data protection obligations under Condition 21) any information and data required by DLUHC, GLA or its or their agents in respect of any such evaluation, which may include information/data pertaining to any AHP Dwellings (including, inter alia, addresses and tenures of such dwellings); and
 - 12.5.3 update OPS accurately with such information as may be requested by GLA from time to time (acting reasonably) in connection with the terms of this Agreement.

- 12.6 The GLA is entitled from time to time to conduct a review and reconciliation exercise (**Interim Reconciliation Exercise**) to:
- 12.6.1 assess the Grant Recipient's progress in the Profiling of the Unprofiled Indicative Dwellings to Named Projects and in delivering the resulting Named (Indicative) Projects as against each Annual Committed Number; and/or
 - 12.6.2 assess the average of the grant rates applied to the AHP Dwellings of each Tenure Type comprised in each Named (Indicative) Project against the Average Grant Rates.
- 12.7 If, as a result of an Interim Reconciliation Exercise, the GLA determines, acting reasonably, that either:
- 12.7.1 the Grant Recipient is failing, or in the opinion of the GLA (acting reasonably) is likely to fail, to Profile the Annual Committed Number into Named Projects in any Start Year in accordance with the timeframes set out in Condition 6.1 or is unlikely to achieve Start on Site in respect of the Annual Committed Number in any Start Year; or
 - 12.7.2 it is unlikely in the opinion of the GLA that by 31 March 2026 the average of the grant rates attributed to the AHP Dwellings (by Tenure Type) in the Named (Indicative) Projects will equal or be lower than the Average Grant Rates for each Tenure Type,
- a default shall be deemed to occur (**Interim Reconciliation Default**) and the provisions of Condition 19.7 and 19.8 shall apply.
- 12.8 Within 3 months following 31 March 2028 (or such later date as GLA may specify), the GLA shall carry out a final reconciliation exercise (**Final Reconciliation Exercise**) to determine whether:
- 12.8.1 the figure which results from the aggregate grant paid and any RCGF Funds used in respect of the LLR Dwellings in all Named (Indicative) Projects being divided by the number of LLR Dwellings actually delivered in all Named (Indicative) Projects is equal to or less than the Average Grant Rate for an LLR Dwelling specified on OPS;
 - 12.8.2 the figure which results from the aggregate grant paid and any RCGF Funds used in respect of the SO Dwellings in all Named (Indicative) Projects being divided by the number of SO Dwellings actually delivered in all Named (Indicative) Projects is equal to or less than the Average Grant Rate for a SO Dwelling specified on OPS; and
 - 12.8.3 the figure which results from the aggregate grant paid and any RCGF Funds used in respect of the SR Dwellings in all Named (Indicative) Projects being divided by the number of SR Dwellings actually delivered in all Named (Indicative) Projects is equal to or less than the Average Grant Rate for an SR Dwelling specified on OPS.
- 12.9 Where the reconciliation exercise carried out under Condition 12.8 confirms that the average of the actual grant paid and RCGF Funds used across the Named (Indicative)

Projects delivered for a Tenure Type is more than the Average Grant Rate allocated to that Tenure Type (**Grant Rate Default**), the provisions of Condition 18.2.8 shall apply.

12.10 The parties acknowledge and agree that GLA may from time to time review whether the Grant Recipient continues to meet the requirements for Investment Partner status and the Grant Recipient will co-operate with such review and will provide GLA with such further information, evidence and/or explanation with respect to any such review as GLA may request.

12.11 The Grant Recipient shall, on request from GLA, upload such details GLA may require onto OPS (or provide such details in another format as agreed by the GLA in its absolute discretion) of any Additional Affordable Housing Dwellings being delivered by the Grant Recipient.

13 **Disposals**

13.1 The Grant Recipient must provide the GLA with a Disposal Notification prior to a Disposal taking place.

13.2 The Grant Recipient will:

13.2.1 use all reasonable endeavours to ensure that that any person providing the Disposal Notification, Compliance Checklist or any other notifications or certificates from the Grant Recipient to the GLA (the **Grant Recipient Notifications**) is a senior officer of the Grant Recipient with access to the information and knowledge needed accurately to give the information required; and

13.2.2 notify the GLA if it becomes aware that:

- (a) the Grant Recipient Notifications are erroneous in any material respect;
- (b) the facts or circumstances upon which a Compliance Checklist or Exemption Certificate was provided (as applicable) have changed so that such document is no longer correct in all material respects; or
- (c) an Exemption Certificate expires.

14 **Grant Claim Procedures**

14.1 Subject to a Named Project having reached the Acquisition Tranche Payment Date, the Grant Recipient may apply to the GLA for the Acquisition Tranche Grant payable in respect of that Named Project to be paid to it. The Grant Recipient must make its application through OPS in accordance with the requirements of OPS from time to time and in compliance with the applicable procedures set out in the Affordable Housing Capital Funding Guide.

14.2 In submitting an application pursuant to Condition 14.1, the Grant Recipient is deemed to:

14.2.1 represent and warrant to the GLA that it possesses a Secure Legal Interest;

- 14.2.2 represent and warrant to the GLA that the Acquisition Milestone has been achieved and that such date is no later than that submitted in OPS by the Grant Recipient and accepted by GLA (in its absolute discretion);
 - 14.2.3 repeat the representations and warranties set out in Condition 6.2;
 - 14.2.4 represent and warrant to the GLA that all notifications, confirmations and certifications made or to be made by the Grant Recipient in OPS in relation to the Named Project have been, are or will be correct in all material respects;
 - 14.2.5 represent and warrant to the GLA that the Grant Recipient is a Registered Provider and retains its status as an Investment Partner;
 - 14.2.6 represent and warrant to the GLA that no Withholding Event or Default Event has occurred or arisen and the Grant Recipient is in compliance with the terms of this Agreement in all material respects;
 - 14.2.7 represent and warrant that, save where otherwise agreed with the GLA (in its absolute discretion), the Named Project is or will be compliant with the Minimum Building Safety Standard;
 - 14.2.8 represent and warrant that the Named Project is or will be compliant with the Certified Standards; and
 - 14.2.9 represent and warrant that it is not aware of any circumstance which may materially impact its ability to deliver the Annual Committed Number within each Start Year.
- 14.3 Subject to a Named Project having reached the Start on Site Tranche Payment Date and where such Named Project is an Estate Regeneration Project, the Estate Regeneration Funding Condition having been satisfied, the Grant Recipient may apply to the GLA for the Start on Site Tranche Grant payable in respect of that Named Project to be paid to it. The Grant Recipient must make its application through OPS in accordance with the requirements of OPS from time to time and in compliance with the applicable procedures set out in the Affordable Housing Capital Funding Guide.
- 14.4 In submitting an application pursuant to Condition 14.3 or in the case where Start on Site has been achieved but no sum is payable by way of Start on Site Tranche Grant as determined through OPS, the Grant Recipient is deemed to:
- 14.4.1 repeat the representations and warranties set out in Condition 6.2 (save for Condition 6.2.2(a));
 - 14.4.2 represent and warrant to the GLA that it possesses a Secure Legal Interest;
 - 14.4.3 represent and warrant to the GLA that Start on Site has been achieved and that such date is no later than that submitted in OPS;
 - 14.4.4 represent and warrant to the GLA that all notifications, confirmations and certifications made or to be made by the Grant Recipient pursuant to Condition 12.8.2 or otherwise in OPS in relation to the Named Project have been, are or will be correct in all material respects;

- 14.4.5 represent and warrant to the GLA that the Grant Recipient is a Registered Provider and retains its status as an Investment Partner;
 - 14.4.6 represent and warrants to the GLA that no Withholding Event or Default Event has occurred or arisen and the Grant Recipient is in compliance with the terms of this Agreement in all material respects;
 - 14.4.7 represent and warrant to the GLA that either:
 - (a) the Named Project is not an Estate Regeneration Project; or
 - (b) the Estate Regeneration Requirement has been or will be complied with and to the best of the Grant Recipient's knowledge (having made all reasonable and proper enquiries):
 - i no material facts or circumstances exist which prejudice such compliance or mean that the Compliance Checklist or the Exemption Certificate (as applicable) is no longer correct in all material respects; and
 - ii the Exemption Certificate remains extant and has not been withdrawn by the GLA;
 - 14.4.8 represent and warrant that the Additionality Condition is satisfied and the Affordable Percentage Condition will be satisfied by Practical Completion of a Named Project;
 - 14.4.9 represent and warrant that the Grant Recipient is likely to meet its Annual Committed Number for each Start Year; and
 - 14.4.10 represent and warrant that the Named Project is or will be compliant with the Certified Standards.
- 14.5 Subject to a Named Project having reached the relevant Final Claim Stage by the Practical Completion Tranche Payment Date, the Grant Recipient may apply to the GLA for the Practical Completion Tranche Grant payable in respect of that Named Project to be paid to it. The Grant Recipient must make its application through OPS and in accordance with the requirements of OPS from time to time and in compliance with the applicable procedures set out in the Affordable Housing Capital Funding Guide.
- 14.6 In submitting an application pursuant to Condition 14.5 or in the case where Practical Completion has been achieved but no sum is payable by way of Practical Completion Tranche Grant as determined through OPS, the Grant Recipient is deemed to repeat the representations and warranties set out in Condition 14.4 (save for Condition 14.4.2 and 14.4.8) and to further represent and warrant to the GLA that:
- 14.6.1 the Named Project has been procured, designed, constructed and delivered (as applicable) in accordance with the requirements of this Agreement (including in compliance with the Certified Standards);
 - 14.6.2 the Named Project has reached Practical Completion;

- 14.6.3 all confirmations and certifications made or to be made by the Grant Recipient in OPS in relation to the Named Project have been are or will be correct in all material respects;
 - 14.6.4 it is a Registered Provider and retains its status as an Investment Partner;
 - 14.6.5 it has obtained all Consents necessary for the lawful development of the Named Project in accordance with the Named Project Details as are then required or to the extent that they are not obtained that the Grant Recipient has taken all necessary steps to obtain them, is waiting only for the Relevant Authority to issue them and is not aware (having made all reasonable enquiries) of any reason why such Consents will not be given or issued;
 - 14.6.6 it possesses a Completed Interest in the Site;
 - 14.6.7 the Named Project satisfies the Additionality Condition and the Affordable Percentage Condition;
 - 14.6.8 it is not subject to any Section 15 Direction nor do any circumstances exist which would permit such a direction to be issued; and
 - 14.6.9 it has not nor have any of its officers made a Section 114 Report nor is it aware of any circumstances which would give rise to the making of a Section 114 Report.
- 14.7 Where any Named Project is identified on OPS as being an MMC Project, the parties may agree alternative dates for the payment of Named Project Grant and/or Milestones (which better reflect the nature and characteristics of Modern Methods of Construction) in OPS or in such other medium as GLA may specify and where this Condition 14.7 applies the GLA reserves the right to:
- 14.7.1 require that the Grant Recipient makes additional representations and warranties as a condition of any claim for Named Project Grant; and
 - 14.7.2 include any additional delivery obligations having regard to the use of the Modern Methods of Construction.

15 Payment of Grant

15.1 Subject to:

- 15.1.1 the GLA (acting reasonably) being satisfied with the Grant Recipient's application for payment including the information warranted pursuant to Conditions 14.2, 14.4 and 14.6;
- 15.1.2 Conditions 15.3 and 17, and
- 15.1.3 the Condition Precedent having been satisfied,

the GLA shall (resources permitting) pay the Acquisition Tranche Grant, Start on Site Tranche Grant or the Practical Completion Tranche Grant (as applicable) to the Grant Recipient within fifteen (15) Business Days of receipt of a relevant and satisfactory application.

- 15.2 If the GLA is not satisfied with the Grant Recipient's application for payment, it must notify the Grant Recipient in writing as soon as reasonably practicable and in any event within ten (10) Business Days of receipt of the application for payment identifying the reason for its dissatisfaction. The GLA must allow the Grant Recipient a period of up to ten (10) Business Days to address the issues identified in the notification and to resubmit or amend its application accordingly in which case the provisions of Condition 14 and this Condition 15 (as applicable) will be reapplied to the Grant Recipient's resubmitted or amended application for payment.
- 15.3 The GLA shall not be obliged to pay the Grant Recipient in respect of a Named Project any:
- 15.3.1 Acquisition Tranche Grant before the Acquisition Tranche Payment Date (as confirmed by the GLA through OPS) has occurred;
 - 15.3.2 Start on Site Tranche Grant before the Start on Site Tranche Payment Date (as confirmed by the GLA through OPS) has occurred;
 - 15.3.3 Practical Completion Tranche Grant before the Practical Completion Tranche Payment Date (as confirmed by the GLA through OPS) has occurred;
 - 15.3.4 Tranche if the Named Project has not been accepted by the GLA through OPS;
 - 15.3.5 Tranche if the Named Project has not reached:
 - (a) the Acquisition Milestone; or
 - (b) Start on Site; or
 - (c) Practical Completion,by the Milestone Date identified in OPS (subject to any extension to such date pursuant to Condition 8.3); or
 - 15.3.6 Tranche if the Named Project does not satisfy the Additionality Condition or is unlikely (in the opinion of GLA acting reasonably and having regard to the relevant Planning Permission relating to delivery of the dwellings on the Development Site) to satisfy the Affordable Percentage Condition.
- 15.4 Where the GLA pays Named Project Grant to the Grant Recipient, the Allocated Net Grant shall be reduced by a commensurate amount.
- 15.5 The payment of Named Project Grant or any part thereof hereunder by the GLA to the Grant Recipient shall be regarded as inclusive of any VAT chargeable thereon.
- 16 **Records and Accounting**
- 16.1 The Grant Recipient shall, as and when requested by the GLA, make available in a timely manner to the GLA where required in connection with this Agreement or the Approved Bid a copy of each of:

- 16.1.1 all data, materials, documents and accounts of any nature created, acquired or brought into existence in any manner whatsoever by or on behalf of the Grant Recipient for the purposes of this Agreement; and
 - 16.1.2 all such data, materials, documents and accounts created, acquired or brought into existence by the Grant Recipient's officers, employees, agents or consultants relating to the Named Projects and which have been supplied to the Grant Recipient for the purposes of this Agreement.
- 16.2 On the expiry of this Agreement or (if earlier) upon termination thereof, the Grant Recipient shall if requested to do so deliver up to the GLA all the data, materials, documents and accounts referred to in this Condition 16 which it has in its possession, custody or control and shall procure the handing over to the GLA such data, materials, documents and accounts referred to in Condition 16.1.2 or as otherwise directed by the GLA.
- 16.3 The Grant Recipient must for a period of ten (10) years from the date upon which it receives or uses the Total Project Grant retain all of the data, documents, materials and accounts referred to in this Condition 16 and the Grant Recipient may retain such data, documents, materials and accounts in electronic form only.
- 16.4 The Grant Recipient acknowledges that The Comptroller and Auditor General shall have rights of access to the information referred to in Condition 16 pursuant to the National Audit Act 1983 and the Government Resources and Accounts Act 2000.
- 16.5 The Grant Recipient shall co-operate fully and in a timely manner with any reasonable request from time to time of:
- (a) any auditor (whether internal or external) of the GLA; and/or
 - (b) the GLA where the GLA is required under any Legislation to provide any document relating to the Named Projects to any person.

17 Withholding of grant

- 17.1 Notwithstanding any other term of this Agreement the GLA shall not be obliged to make any payment to the Grant Recipient whether by way of Acquisition Tranche Grant, Start on Site Tranche Grant or Practical Completion Tranche Grant or otherwise where:
- 17.1.1 the Named Project has not been delivered in accordance with the Named Project Details or in accordance with the Named Project Delivery Timetable (in circumstances, where applicable, in which the GLA was unable to agree revised Milestone Dates);
 - 17.1.2 the Grant Recipient is unable to give the confirmations or certifications required by OPS or to make the representations and give the warranties referred to in Condition 14.2, 14.4 and Condition 14.6 (in any case in whole or in part);
 - 17.1.3 a Prohibited Act has been committed by or on behalf of the Grant Recipient and the Grant Recipient has not satisfied the Waiver Condition in respect of such Prohibited Act;

- 17.1.4 the Grant Recipient is subject to a Section 15 Direction or a Section 114 Report has been made which has or will have a Material Adverse Effect;
- 17.1.5 the Grant Recipient has ceased to operate;
- 17.1.6 the Grant Recipient's status as a Registered Provider or Investment Partner is removed or withdrawn;
- 17.1.7 the Regulator directs the GLA not to give grant to the Grant Recipient or formally recommends to it that it should not do so;
- 17.1.8 where the Grant Recipient is in material breach of this Agreement and has not taken steps to remedy it to the GLA's satisfaction (acting reasonably);
- 17.1.9 the Grant Recipient (either by its own actions or omissions or those of its contractors or agents) harms the GLA's, the AHP 2021-26's or the Mayor of London's reputation or brings the GLA, the AHP 2021-26's or the Mayor of London into disrepute;
- 17.1.10 the Grant Recipient has breached its obligations under any of Conditions 12 or 18;
- 17.1.11 it has become apparent to the GLA that the Grant Recipient is unable to deliver the Approved Bid;
- 17.1.12 It has become apparent to the GLA that Additionality Condition or Affordable Percentage Condition is not or will not be satisfied in relation to a Named Project;
- 17.1.13 the GLA is not satisfied (acting reasonably) with the information provided pursuant to Condition 19.7; or
- 17.1.14 the Grant Recipient has failed to submit or, in the opinion of the GLA, failed to implement a Remediation Plan within the requisite timeframes pursuant to Conditions 10.5 or 23.4.

18 Repayment of grant

- 18.1 The parties acknowledge and agree that notwithstanding any other term of this Agreement:
 - 18.1.1 the Recovery Determination has effect (mutatis mutandis) in respect of grant paid under this Agreement and that each party has the respective rights and obligations described in such determination;
 - 18.1.2 for the purposes of the Recovery Determination the terms of this Agreement represent the conditions attached to the making of Capital Grant; and
 - 18.1.3 on the occurrence of a Relevant Event the Grant Recipient must recycle or repay (as applicable) the Capital Grant Recoverable in each case in accordance with the terms of the Recovery Determination.

- 18.2 Without prejudice to any other term of this Agreement, the GLA reserves the right whether following termination of this Agreement or otherwise (which right the Grant Recipient expressly acknowledges and agrees) at its discretion to recover from the Grant Recipient such sum or such part or aggregation thereof as is determined in accordance with Condition 18.3 (the **Recoverable Amount**) in circumstances where:
- 18.2.1 the relevant Tranche has been paid to the Grant Recipient or RCGF Funds have been applied to the Named Project on the basis of a misrepresentation made by or on behalf of the Grant Recipient other than in the circumstances specified in Condition 18.2.3;
 - 18.2.2 the GLA has made an overpayment in relation to a Named Project or has made a payment in error to the Grant Recipient;
 - 18.2.3 the relevant Tranche has been paid to the Grant Recipient or RCGF Funds have been applied to the Named Project but the GLA becomes aware (whether following the completion of a Compliance Audit or otherwise) that the Grant Recipient has failed to deliver the relevant Named Project in accordance with the agreed Named Project Details;
 - 18.2.4 the Grant Recipient has breached its obligations under any of Conditions 10, 10.512, or 20;
 - 18.2.5 a General Termination Event has occurred;
 - 18.2.6 a Project Termination Event has occurred; or
 - 18.2.7 the GLA exercised its rights under Condition 19.8.2;
 - 18.2.8 a Grant Rate Default has occurred; or
 - 18.2.9 an Estate Regeneration Default has occurred.
- 18.3 In the circumstances set out in:
- 18.3.1 Condition 18.2.5, the Recoverable Amount shall be a sum equivalent to the Agreement Funding;
 - 18.3.2 Conditions, 18.2.1, 18.2.4, 18.2.6 or 18.2.9 the Recoverable Amount shall be a sum equivalent to the Recoverable Project Grant for any affected Named Project;
 - 18.3.3 Conditions 18.2.2, the Recoverable Amount shall be a sum equal to the amount of the overpayment or the sum paid in error as applicable;
 - 18.3.4 Condition 18.2.3, subject always to Condition 18.4 the Recoverable Amount shall be determined in accordance with the following procedure:
 - (a) the parties (acting in good faith) shall seek to agree within fifteen (15) Business Days of the Non Compliance Notification Date a revised figure for the Total Project Grant figure reflecting the changed nature of the delivered Named Project as against that described in the Named Project Details;

- (b) where a revised figure for Total Project Grant is agreed, the Recoverable Amount shall be the product of the following calculation:

$$RA = TPG - RTPG$$

where

RA is the Recoverable Amount;

TPG is the Named Project Grant paid pursuant to Condition 15.1 together with the RCGF Funds applied in respect of the relevant Named Project; and

RTPG is the revised Total Project Grant figure agreed pursuant to Condition 18.3.4(a);

- (c) the Grant Recipient shall immediately amend the relevant information on OPS to reflect any agreement reached made pursuant to Condition 18.3.4(a);
- (d) where the parties are unable to agree a revised Total Project Grant figure in accordance with Condition 18.3.4(a) the GLA shall be entitled to terminate this Agreement in accordance with Condition 19.6.1 and the Recoverable Amount shall be an amount equal to the Recoverable Project Grant paid pursuant to Condition 15.1 in respect of the relevant Named Project.

Under no circumstances will the GLA be required to make any payment to the Grant Recipient if the application of the calculation in Condition 18.3.4(b) results in RA being a negative figure.

18.3.5 Condition 18.2.7, the Recoverable Amount shall be:

- (a) for any Named (Indicative) Project where Practical Completion Tranche Grant has been paid or utilised, an amount equal to the sum of the applicable Deduction Amount (based on Tenure Type), if any, for each AHP Dwelling within such Named (Indicative) Project; and
- (b) for any Named (Indicative) Project in respect of which Practical Completion Tranche Grant has not been paid or utilised, an amount equal to the product of the following calculation:

$$RA = Grant\ Paid - \left(\left(\frac{Grant\ Paid}{Grant\ Allocated} \right) \times Revised\ Grant\ Amount \right)$$

Where

RA means the Recoverable Amount

Grant Paid is the amount equal to the Named Project Grant that has been paid and RCGF Funds utilised in respect of the Named (Indicative) Project

Grant Allocated is the amount of the Total Grant that was allocated to the Named (Indicative) Project prior to the Interim Reconciliation Exercise

Revised Grant Amount is the revised Named Project Grant amount as a result of the Interim Reconciliation Exercise

18.3.6 Condition 18.2.8, the Recoverable Amount shall be the product of the following calculation:

$RA = \text{Total London Living Rent} + \text{Total Shared Ownership} + \text{Total Social Rent}$

Where:

RA is the Recoverable Amount

$\text{Total London Living Rent} = \text{LLR Paid} - (\text{Average LLR} \times \text{LLR Delivered})$

LLR Paid is the total grant paid and RCGF Funds used in respect of all LLR Dwellings within each completed Named (Indicative) Project at the date of the Final Reconciliation Exercise

Average LLR is the Average Grant Rate attributed to the London Living Rent Tenure Type on OPS

LLR Delivered means the number of LLR Dwellings that have achieved Practical Completion within each completed Named (Indicative) Project at the date of the Final Reconciliation Exercise

$\text{Total Shared Ownership} = \text{SO Paid} - (\text{Average SO} \times \text{SO Delivered})$

SO Paid is the total grant paid and RCGF Funds used in respect of all SO Dwellings that have achieved Practical Completion within each completed Named (Indicative) Project at the date of the Final Reconciliation Exercise

Average SO is the Average Grant Rate attributed to the Shared Ownership Lease terms Tenure Type on OPS

SO Delivered means the number of SO Dwellings that have achieved Practical Completion within each completed Named (Indicative) Project at the date of the Final Reconciliation Exercise

$\text{Total Social Rent} = \text{SR Paid} - (\text{Average SR} \times \text{SR Delivered})$

SR Paid is the total grant paid and RCGF Funds used in respect of all SR Dwellings that have achieved Practical Completion within each completed Named (Indicative) Project at the date of the Final Reconciliation Exercise

Average SR is the Average Grant Rate attributed to the Social Rent Tenure Type on OPS

SR Delivered means the number of SR Dwellings that have achieved Practical Completion within each completed Named (Indicative) Project at the date of the Final Reconciliation Exercise

Provided always that if Total London Living Rent, Total Shared Ownership or Total Social Rent is a negative number, it shall be deemed to be zero

- 18.4 Where the GLA (acting reasonably) considers that the Grant Recipient acted fraudulently or dishonestly in claiming the Named Project Grant for or in applying the RCGF Funds to the relevant Named Project, such claim shall be deemed to be a Prohibited Act and the GLA will not be bound by the terms of Condition 18.3.4.
- 18.5 The Grant Recipient must pay the Recoverable Amount to the GLA within ten (10) Business Days of demand together with Interest such Interest to run from the date upon which the Named Project Grant (or relevant part thereof) overpayment or payment in error was paid to the Grant Recipient and/or the RCGF Funds were applied to the Named Project by the Grant Recipient until the date upon which the GLA receives the repayment required from the Grant Recipient under this Condition 18.
- 18.6 The Grant Recipient acknowledges and agrees that the Disposal or letting of an AHP Dwelling to any person for any purpose other than the relevant Agreed Purpose constitutes a failure to comply with a condition attached to the making of Capital Grant for the purposes of paragraph 8(e) of the Recovery Determination.
- 18.7 The parties acknowledge that the Late Payment of Commercial Debts (Interest) Act 1998 does not apply to this Agreement.
- 18.8 Notwithstanding any other term of this Condition 18, where a payment has been made following an administrative error by the GLA, the Grant Recipient shall not be liable for interest on the amount repayable under Condition 18.5.

19 **Default Events and Termination**

19.1 Each of the following circumstances shall constitute a General Default:

- 19.1.1 the Grant Recipient is subject to a Section 15 Direction which has or will have a Material Adverse Effect;
- 19.1.2 a Prohibited Act has been committed by or on behalf of the Grant Recipient (in respect of which the Waiver Condition has not been satisfied);
- 19.1.3 the Grant Recipient ceases operating;
- 19.1.4 the Grant Recipient's status as a Registered Provider is lost or removed;
- 19.1.5 the Grant Recipient's Investment Partner status is lost or removed; or
- 19.1.6 the Grant Recipient has made any representation or given any warranty under Part 2 of Schedule 1 that is inaccurate, untrue or misleading in any material respects.

19.2 Each of the following circumstances shall constitute a Project Default:

- 19.2.1 failure by the Grant Recipient to comply with its obligations in Conditions 12 or 13 and/or any information supplied in connection with its obligations in Conditions 12 or 13, whether in relation to the Open Book Obligations or otherwise, is materially deficient, misleading or inaccurate;
- 19.2.2 a breach of the Open Book Obligations;
- 19.2.3 the Grant Recipient is unable to make the representations and give the warranties set out in this Agreement and there is a resulting Material Adverse Effect;
- 19.2.4 the Regulator directs or recommends that grant is not to be paid to the Grant Recipient;
- 19.2.5 the Grant Recipient (either by its own actions or omissions, or those of its contractors or agents) harms the GLA's, the AHP 2021-26's or the Mayor of London's reputation or brings the GLA, the AHP 2021-26's or the Mayor of London into disrepute;
- 19.2.6 failure by the Grant Recipient to comply with any repayment obligation under this Agreement;
- 19.2.7 failure or inability of the Grant Recipient to comply with the requirements of Conditions 14.1 to 14.7 (inclusive);
- 19.2.8 a breach of Condition 10;
- 19.2.9 failure by the parties to agree the matter referred to in Condition 18.3.4(d);
- 19.2.10 any other breach of or failure to comply with the Agreement which has a Material Adverse Effect;
- 19.2.11 any of the following events or circumstances occur:
 - (a) a breach of the Estate Regeneration Requirement;
 - (b) the Grant Recipient has failed to comply with the Estate Regeneration Requirement in circumstances where in the GLA's reasonable opinion the Estate Regeneration Requirement ought to have been complied with (having regard to Section 8 of the Affordable Housing Capital Funding Guide);
 - (c) having regard to any planning permission obtained for the Site or reports issued to residents affected by the delivery of a Named Project, in the GLA's reasonable opinion, a breach of the Estate Regeneration Requirement is likely to occur; or
 - (d) in the GLA's opinion the Grant Recipient has partitioned a Site in order to avoid the application of the Resident Ballot Requirement;
- 19.2.12 the facts or circumstances upon which a Compliance Checklist or Exemption Certificate was provided (as applicable) change so that such certificate is no longer correct in all material respects;

- 19.2.13 an Exemption Certificate expires or is withdrawn by the GLA;
 - 19.2.14 the Grant Recipient has failed to satisfy the Additionality Condition in respect of a Named Project;
 - 19.2.15 the Grant Recipient fails to satisfy or, in the opinion of GLA acting reasonably, is unlikely (having regard to the relevant Planning Permission relating to delivery of the dwellings on the Development Site) to satisfy the Affordable Percentage Condition in respect of a Named Project;
 - 19.2.16 the Grant Recipient has made any representation or given any warranty under Condition 6.2 that is inaccurate, untrue or misleading; or
 - 19.2.17 failure to agree revised Milestone Dates pursuant to Condition 8.1.2(b).
- 19.3 The Grant Recipient must notify the GLA immediately in writing on the occurrence of a Default Event.
- 19.4 Without prejudice to Conditions 19.5 or 19.6, in the event of the occurrence of Default Event and for so long as that Default Event subsists (or another Default Event has occurred and is continuing) the GLA shall be entitled to reject the submission of any Named Project on OPS.
- 19.5 On the occurrence of a General Default the GLA shall be entitled forthwith and without any liability to the Grant Recipient to terminate this Agreement.
- 19.6 Where a Project Default is:
- 19.6.1 an occurrence specified in Condition, 19.2.5, 19.2.8, 19.2.9, 19.2.16 and 19.2.17 the GLA shall be entitled forthwith and without any liability to the Grant Recipient but without determining the whole of this Agreement to terminate the Agreement in so far as it relates to the Named Project to which the Project Default relates;
 - 19.6.2 an occurrence specified in Condition 19.2.1, 19.2.2, 19.2.3, 19.2.4, 19.2.6, 19.2.7 or 19.2.10 to 19.2.15 inclusive the GLA may serve notice on the Grant Recipient requiring the Grant Recipient to remedy the breach and if within a period of thirty (30) Business Days following service of such notice:
 - (a) the breach has not been remedied or is not capable of remedy;
 - (b) the Grant Recipient has not given an undertaking to remedy the breach on terms satisfactory to the GLA where it has been permitted to do so by the GLA; or
 - (c) if it becomes apparent that the Project Default is incapable of remedy either within such period or at all,

the GLA shall be entitled on giving not less than ten (10) Business Days' notice and without any liability to the Grant Recipient but without determining the whole of this Agreement to terminate the Agreement insofar as it relates to the Named Project to which the Project Default relates.

19.7 On an occurrence of an Interim Reconciliation Default the GLA may serve notice on the Grant Recipient requiring the Grant Recipient to evidence to GLA, in a form satisfactory to GLA, within a period of thirty (30) Business Days following service of such notice:

19.7.1 when the Grant Recipient will Profile any Unprofiled Indicative Dwellings into Named Projects; and

19.7.2 how, once all Named Projects have been delivered, the average of the grant rates which have been or will be allocated for the Named (Indicative) Projects by Tenure Type will not exceed the Average Grant Rates.

19.8 If the GLA is not satisfied (acting reasonably) with the information provided pursuant to Condition 19.7 the GLA shall be entitled (in its absolute discretion) on giving not less than ten (10) Business Days' notice to:

19.8.1 reduce the Named Project Grant allocated to each AHP Dwelling on OPS by Tenure Type comprised in a Named (Indicative) Project by an amount equal to the sum of the following calculation (**Deduction Amount**) (or such other calculation as may be agreed in writing between the parties from time to time):

For each LLR Dwelling comprised within a Named (Indicative) Project:

$$\text{Deduction Amount} = \frac{\text{Total London Living Rent} - \text{Average London Living Rent}}{\text{Number of London Living Rent}}$$

Where:

Total London Living Rent means the aggregate Named Project Grant allocated at the date of the Interim Reconciliation to the LLR Dwellings within all Named (Indicative) Projects

Average London Living Rent means the Average Grant Rate for the LLR Dwellings multiplied by the aggregate number of LLR Dwellings comprised within all Named (Indicative) Projects

Number of London Living Rent means the aggregate number of LLR Dwellings comprised within all Named (Indicative) Projects

For each SO Dwelling comprised within a Named (Indicative) Project:

$$\text{Deduction Amount} = \frac{\text{Total Shared Ownership} - \text{Average Shared Ownership}}{\text{Number of Shared Ownership}}$$

Where:

Total Shared Ownership means the aggregate Named Project Grant allocated at the date of the Interim Reconciliation to the SO Dwellings within all Named (Indicative) Projects

Average Shared Ownership means the Average Grant Rate for the SO Dwellings multiplied by the aggregate number of SO Dwellings comprised within all Named (Indicative) Projects

Number of Shared Ownership means the aggregate number of SO Dwellings comprised within all Named (Indicative) Projects

For each SR Dwelling comprised within a Named (Indicative) Project:

$$\text{Deduction Amount} = \frac{\text{Total Social Rent} - \text{Average Social Rent}}{\text{Number of Social Rent}}$$

Where:

Total Social Rent means the aggregate Named Project Grant allocated at the date of the Interim Reconciliation to the SR Dwellings within all Named (Indicative) Projects

Average Social Rent means the Average Grant Rate for the SR Dwellings multiplied by the aggregate number of SR Dwellings comprised within all Named (Indicative) Projects

Number of Social Rent means the aggregate number of SR Dwellings comprised within all Named (Indicative) Projects

Provided always that, if the Deduction Amount for any Tenure Type is a negative number, it shall be deemed to be zero for that Tenure Type;

- 19.8.2 recover Named Project Grant paid and RCGF Funds used in respect of Named (Indicative) Projects (in which case, Conditions 18.2.7 and 18.3.5 shall apply); and/or
- 19.8.3 without incurring any liability to the Grant Recipient and without determining the whole of this Agreement to terminate the Agreement in so far as it relates to any Indicative Proposals; and/or
- 19.8.4 adjust:
 - (a) the Indicative Allocation; and/or
 - (b) Average Grant Rate; and
 - (c) the Indicative Proposals having regard to the amendments made to the Indicative Allocation and/or the Average Grant Rates, if any, pursuant to (a) and (b) above,

and for illustrative purposes and to aid interpretation only, a worked example of the operation of this Condition 19.8 is set out at Appendix 1.

- 19.9 Where an Interim Reconciliation Default has occurred, the GLA shall be entitled to suspend the acceptance of any further Named (Indicative) Projects on OPS until such time as GLA is satisfied with evidence provided under Condition 19.7.

20 **Open Book Obligations**

- 20.1 The Grant Recipient shall on an Open Book Basis:

- 20.1.1 at all times maintain a full record of particulars of all the income (including Public Sector Funding) received and Development Costs incurred by the Grant Recipient in respect of each Named Project;
- 20.1.2 at all times when reasonably required to do so by the GLA, provide a summary of any of the income and Development Costs referred to in Condition 20.1.1 as the GLA may reasonably require to enable it to monitor the performance by the Grant Recipient of its obligations under this Agreement; and
- 20.1.3 at all times provide such access or facilities as the GLA may reasonably require for its representatives to visit any place where the records are held and examine the records maintained under this Condition 20.

20.2 Compliance with the above shall require the Grant Recipient to keep (and where appropriate to procure that any Subcontractor shall keep) separate books of account (from those relating to any business, activity or operation carried on by the Grant Recipient or Subcontractor and which do not directly relate to any Named Project) in accordance with good accountancy practice with respect to all Named Projects showing in detail:

- 20.2.1 income (including Public Sector Funding and receipts);
- 20.2.2 administrative overheads where directly attributed or where apportioned on a pro rata basis;
- 20.2.3 payments made to Subcontractors;
- 20.2.4 capital and revenue expenditure;
- 20.2.5 VAT incurred on all items of expenditure where the Grant Recipient has received grant under this Agreement in respect of such VAT, including the rate of such VAT and full details of the recovery (or not) by the Grant Recipient of such VAT as input tax from HM Revenue & Customs or other Relevant Authority; and
- 20.2.6 such other items as the GLA may reasonably require to conduct (itself or through a third party) cost audits for verification of income, cost expenditure or estimated expenditure, for the purpose of any of the provisions of this Agreement,

and the Grant Recipient shall have (and procure that to the extent expressly agreed the Subcontractors shall have) the books of account evidencing the items listed in this Condition available for inspection by the GLA (and any person appointed pursuant to the dispute resolution provisions at Condition 27 to determine a dispute or otherwise authorised by the GLA) upon reasonable notice, and shall submit a report of these to the GLA as and when requested.

20.3 The Grant Recipient must provide the GLA with access on an Open Book basis to all information held by it, its Affiliates, Subcontractors and consultants which relates to the viability of the Development Site and such other information as the GLA may reasonably require to conduct (itself or through a third party) to verify income, expenditure or estimated expenditure for the purposes of any of the provisions of this Agreement.

21 **Data Protection, Freedom of Information, Confidentiality and Transparency**

21.1 The parties acknowledge that they will each act in the capacity of Data Controller in respect of any Personal Data processed under this Agreement and each will Process the Personal Data as independent Data Controllers.

21.2 The Grant Recipient (including their employees agents or officers) shall at all times during the period of this Agreement comply with the provisions and obligations imposed by this Condition 21 and the Data Protection Legislation generally, including any requirement to obtain registrations, consents, and provide notifications and relevant privacy information to Data Subjects as required for the purposes of their obligations under this Agreement.

21.3 Whilst each party shall be responsible for responding to any complaint in relation to the Personal Data Processed pursuant to this Agreement, or any request by individuals to exercise the Data Subject's rights, the parties will co-operate with each other and provide reasonable assistance with any request, proceedings or inquiry by any affected Data Subject and/or the Information Commissioner.

21.4 Each party shall notify the other without undue delay on becoming aware of any breach of the Data Protection Legislation in relation to the Personal Data Processed under this Agreement.

21.5 The Grant Recipient represents and warrants that they have in place appropriate technical and organisational measures to protect the Personal Data against accidental or unlawful destruction or accidental loss, alteration, unauthorised disclosure or access, and which provide a level of security appropriate to the risk represented by the processing and the nature of the data to be protected.

21.6 The parties to this Agreement are FOIA Authorities and:

21.6.1 are subject to legal duties which may require the release of Information under FOIA and/or EIR; and

21.6.2 FOIA Authorities may be under an obligation to provide Information subject to a Request for Information.

21.7 The FOIA Authority in receipt of or to receive the RFI (**Relevant FOIA Authority**) shall be responsible for determining in its absolute discretion whether:

21.7.1 any Information is Exempted Information or remains Exempted Information; and/or

21.7.2 any Information is to be disclosed in response to a Request for Information,

and in no event shall any party, other than the Relevant FOIA Authority, respond directly to an RFI except to confirm receipt of the RFI and that the RFI has been passed to the Relevant FOIA Authority unless otherwise expressly authorised to do so by the Relevant FOIA Authority.

21.8 Subject to Condition 21.9 below, each party acknowledges that the Relevant FOIA Authority may be obliged under FOIA or EIR to disclose Information:

21.8.1 without consulting the other; or

- 21.8.2 following consultation with the other party and having taken (or not taken, as the case may be) its views into account.
- 21.9 Without in any way limiting Condition 21.7 or Condition 21.8, in the event that the Relevant FOIA Authority receives an RFI, the Relevant FOIA Authority will, where appropriate, as soon as reasonably practicable notify the other party.
- 21.10 Each party will assist and co-operate with the Relevant FOIA Authority as requested by the Relevant FOIA Authority to enable the Relevant FOIA Authority to comply with its disclosure requirements under FOIA and EIR within the prescribed periods for compliance and in particular without limitation will (and shall procure that its agents contractors and sub-contractors will), at their own cost:
- 21.10.1 transfer any RFI received by the Relevant FOIA Authority to the GLA as soon as practicable after receipt and in any event within two (2) Business Days of receiving a RFI;
- 21.10.2 provide all such assistance as may be required from time to time by the Relevant FOIA Authority and supply such data or information as may be requested by the Relevant FOIA Authority;
- 21.10.3 provide the Relevant FOIA Authority with any data or information in its possession or power in the form that the Relevant FOIA Authority requires within five (5) Business Days (or such other period as the Relevant FOIA Authority may specify) of the Relevant FOIA Authority requesting that Information;
- 21.10.4 permit the Relevant FOIA Authority to inspect such as requested from time to time.
- 21.11 Nothing in this Agreement will prevent the Relevant FOIA Authority from complying with any valid order, decision, enforcement or practice recommendation notice issued to it by the Information Commissioner under FOIA and/or EIR in relation to any Exempted Information.
- 21.12 Subject to Conditions 21.6 to 21.11, 21.13 and/or 21.14 the parties shall keep confidential any information exchanged between the parties which either party has specified as confidential or which would be likely to prejudice the interests of either party commercially or otherwise.
- 21.13 The obligations under Condition 21.12 above shall not apply to:
- 21.13.1 information which at the time of disclosure is in the public domain;
- 21.13.2 information which is required to be disclosed by law; or
- 21.13.3 information which is disclosed with the consent of the disclosing party.
- 21.14 The Grant Recipient acknowledges and agrees that the GLA:
- 21.14.1 is subject to the Transparency Commitment and accordingly, notwithstanding Condition 21.12, the Grant Recipient hereby gives its consent for the GLA to publish the Agreement Information to the general public; and

21.14.2 the GLA may in its absolute discretion redact all or part of the Agreement Information prior to its publication. In so doing and in its absolute discretion the GLA may take account of the exemptions/exceptions that would be available in relation to information requested under FOIA. The GLA may in its absolute discretion consult with the Grant Recipient regarding any redactions to the Agreement Information to be published pursuant to this Condition 21.14. The GLA shall make the final decision regarding publication and/or redaction of the Agreement Information.

21.15 For the avoidance of doubt in the event that the GLA consents to the Grant Recipient's disposal or cessation of use of a Site relating to a Named Project the Grant Recipient shall ensure all data collected used or in any way related to or connected with the Named Project is erased (so that it cannot be recovered there from) from the Site to which such consent relates.

21.16 The Grant Recipient acknowledges and agrees by entering into this Agreement that it consents to the GLA sharing such information as GLA considers appropriate in connection with this Agreement with other local authorities, the Regulator and DLUHC.

22 **Intellectual Property**

22.1 Subject to Condition 22.5 the Grant Recipient shall, to the extent that it is able to do so without incurring material cost, grant to the GLA a perpetual, transferable, non-exclusive, royalty-free licence (carrying the right to grant sub-licences) to copy and use (from computer disk or otherwise) all and any Intellectual Property Rights in any, drawings, reports, specifications, calculations and other documents provided by the Grant Recipient or which are or become owned by the Grant Recipient and which relate to the Named Projects, for any purpose relating to this Agreement.

22.2 To the extent that any of the data, materials and documents referred to in Condition 22.1 are generated by or maintained on a computer or in any other machine readable format, the Grant Recipient shall if requested by the GLA use its reasonable endeavours (without having to incur material cost) procure for the benefit of the GLA for the duration of this Agreement at the cost of the Grant Recipient the grant of a licence or sub-licence and supply any relevant software and/or database to enable the GLA making such request to access and otherwise use such data for the purposes referred to in Condition 22.1.

22.3 Neither party shall infringe any third party's Intellectual Property Rights in connection with this Agreement.

22.4 The Grant Recipient shall fully indemnify the GLA within five (5) Business Days of demand under this Condition 22.4 against any action, claim, demand, proceeding, cost, charge or expense arising from or incurred by it by reason of any infringement or alleged infringement of any Intellectual Property Rights of any third party by the activities described in this Condition 22, any breach by the Grant Recipient of this Condition 22 and against all costs and damages of any kind which the GLA may incur in connection with any actual or threatened proceedings before any court or adjudication body.

22.5 The Grant Recipient shall only be entitled to revoke the licence granted to the GLA under Condition 22.1 in the following circumstances and upon the following terms:

- 22.5.1 on the termination of the whole of this Agreement in circumstances where no Allocated Total Grant has been paid to or utilised by the Grant Recipient; or
- 22.5.2 on the termination of this Agreement (in whole or in part) in circumstances where some Allocated Total Grant has been paid to or utilised by the Grant Recipient **provided that** nothing in this Condition 22.5.2 shall entitle the Grant Recipient to revoke such licence insofar as it relates to Named Projects in respect of which Named Project Grant has been paid or in respect of which a valid entitlement to claim Named Project Grant has arisen or RCGF Funds have been used.

23 **Equality, Diversity and Inclusion**

23.1 Within 12 months from the notification of the Grant Recipient's funding allocation for AHP 2021-26 on OPS (the **Deadline**), the Grant Recipient must:

23.1.1 comply (and thereafter continue to comply) with the five minimum equality, diversity and inclusion standards found on the following website: <https://www.london.gov.uk/what-we-do/housing-and-land/homes-londoners-affordable-homes-programmes/homes-londoners-affordable-homes-programme-2021-2026/guidance-meeting-edi-funding-conditions>; and

23.1.2 develop, publish and implement on a continuing basis, an equality, diversity and inclusion action plan which complies with the guidance found on the following website <https://www.london.gov.uk/what-we-do/housing-and-land/homes-londoners-affordable-homes-programmes/homes-londoners-affordable-homes-programme-2021-2026/guidance-meeting-edi-funding-conditions> (**EDI Action Plan**)

23.2 The Grant Recipient shall provide evidence satisfactory to GLA (acting reasonably) of:

23.2.1 its compliance with Condition 23.1 within the five (5) Business Days following the Deadline; and

23.2.2 its continuing compliance with Condition 23.1, such evidence to be provided no later than 12 months but no earlier than 10 months from the date the last evidence was provided pursuant to this Condition 23.2 or within such other timeframes as required by GLA (acting reasonably).

23.3 The Grant Recipient:

23.3.1 must comply in all material respects with all relevant Legislation including but not limited to Legislation relating to equality and diversity and will use its reasonable endeavours to procure that all parties engaged by it in the delivery of the AHP Dwellings funded pursuant to this Agreement do likewise;

23.3.2 must have due regard to the public sector equality duty under Part 11 of the Equality Act 2010 and shall take reasonable steps to promote equality of opportunity in respect of access to the AHP Dwellings funded pursuant to this Agreement; and

- 23.3.3 must take reasonable steps to monitor the representation of those who share Protected Characteristics within its undertaking and shall take appropriate steps to remedy any under-representation in its workforce (of those sharing a Protected Characteristic as compared to the population of London) involved in projects within London funded (partly or wholly) by the GLA.
- 23.4 Where in the GLA's opinion (acting reasonably) the Grant Recipient commits a breach of this Condition 23 (a **EDI Breach**):
- 23.4.1 the Grant Recipient must submit for approval its proposed remediation plan (the **Remediation Plan**) to the GLA within fifteen (15) Business Days of the GLA's written notice of the requirement for such Remediation Plan setting out the Grant Recipient's proposals for the steps to be taken to remedy or mitigate the effects of the EDI Breach and a basis for testing whether this has been achieved within the three month period following the EDI Breach;
- 23.4.2 the GLA will notify the Grant Recipient as to whether the Remediation Plan is approved as submitted within ten (10) Business Days of its receipt;
- 23.4.3 if the Remediation Plan is not approved, senior representatives of the parties must meet as soon as practicable (and in any event within ten (10) Business Days of the GLA's notification under Condition 23.4.2 or such later date as the GLA may agree) to try to agree a revised Remediation Plan. In default of agreement, or where no Remediation Plan is submitted to GLA within the requisite timeframe, Condition 17.1.14 shall apply;
- 23.4.4 if the Remediation Plan is approved, the Grant Recipient must comply with the obligations set out in the Remediation Plan; and
- 23.4.5 within five (5) Business Days of the end of the three month period from the date of the EDI Breach, senior representatives of the parties must meet to review the efficacy of the Remediation Plan in remedying or mitigating the effects of the breach. If in the opinion of the GLA (acting reasonably) the Remediation Plan has not been effective or has not been complied with, the GLA shall be entitled in its absolute discretion either to extend the timeframe for the Remediation Plan's operation or to declare that the Remediation Plan has failed in which case Condition 17.1.14 shall apply.
- 23.5 The parties acknowledge that they are both under a public sector equality duty pursuant to Section 149 of the Equality Act 2010 and they will assist and co-operate with each other in respect of each party's compliance with such duty including in respect of any amendment or re-enactment of Section 149 of the Equality Act 2010 and/or any guidance, enactment, order, regulation or instrument made pursuant to the same.
- 24 **Health and Safety**
- 24.1 The Grant Recipient will comply in all material respects with all relevant Legislation including but not limited to Legislation relating to health and safety, welfare at work, equality and diversity, modern slavery and other relevant employment matters and will use reasonable endeavours to procure that all Grant Recipient Parties engaged in the delivery of the Approved Bid do likewise.

- 24.2 To the extent that the GLA is a 'client' for the purposes of the CDM Regulations:
- 24.2.1 where the Grant Recipient is engaging consultants and a contractor or contractors as Subcontractors to deliver the Named Project the Grant Recipient elects to be the only client in relation to such Named Project; or
- 24.2.2 where the Grant Recipient is contracting with a developer as a Subcontractor to deliver a Named Project the Grant Recipient shall procure that such developer shall elect to be the only client in relation to the Named Project on or before the date that such project becomes a Named Project;

and the GLA hereby agrees to such election.

- 24.3 The Grant Recipient shall not seek to withdraw, terminate or in any manner derogate from such election pursuant to Condition 24.2.1 or (if appropriate) shall procure that any developer/employer shall not withdraw, terminate or in any manner derogate from any election pursuant to Condition 24.2.2 without the GLA's prior written consent, which the GLA may in its absolute discretion withhold.
- 24.4 The Grant Recipient shall at all times comply with all obligations, requirements and duties arising under the HS Act, the regulations under the HS Act, RIDDOR and the CDM Regulations in connection with the Works.
- 24.5 The Grant Recipient will procure that all its Subcontractors and Professional Team comply at all times with the HS Act, the regulations under the HS Act, RIDDOR and the CDM Regulations.

25 **Construction Industry Scheme**

- 25.1 In this Condition 25, the following definitions shall apply:

CIS means the provisions of chapter 3 of part 3 of the Finance Act 2004 together with any regulations made pursuant to those provisions including (without limitation) the Income Tax (Construction Industry Scheme) Regulations 2005;

Construction Contract has the same meaning as in Section 57(2) of the Finance Act 2004; and

HMRC means HM Revenue & Customs.

- 25.2 The Grant Recipient warrants to the GLA that it holds gross payment status for the purposes of the CIS (pursuant to paragraph CISR13040 of the Construction Industry Scheme Reform manual or otherwise) such that the Grant Recipient is entitled to receive payments under Construction Contracts without any deduction under the CIS. The Grant Recipient undertakes to notify the GLA within two (2) Business Days of ceasing to hold gross payment status.
- 25.3 The Grant Recipient will, on demand, pay to the GLA an amount equal to any tax liability, interest or penalties imposed on the GLA under the CIS as a result of, or in connection with, any payments made by the GLA pursuant to this Agreement, together with any reasonable costs incurred by the GLA in connection with such tax liability, interest or penalty.

26 **Assignment and sub-contracting**

26.1 The GLA will be entitled to transfer or assign all or part of this Agreement.

26.2 The Grant Recipient will not be entitled to transfer or assign all or part of this Agreement without prior written consent from the GLA (to be provided or withheld in GLA's absolute discretion).

27 **Dispute resolution**

27.1 All disputes and differences arising out of or in connection with this Agreement including in relation to any non-contractual obligation (a **Dispute**) shall be resolved pursuant to the terms of this Condition 27.

27.1.1 In the event that the Grant Recipient or the GLA consider that a Dispute exists, such party shall serve a notice upon the other party (a **Notice of Dispute**) giving brief details of the Dispute and in the first instance the parties shall use their reasonable endeavours to resolve such Dispute amicably and in good faith and in accordance with this Condition 27.

27.1.2 Representatives of the parties shall meet within five (5) Business Days (or such other longer period not exceeding twenty (20) Business Days as the parties may agree) of receipt of a Notice of Dispute.

27.1.3 Where either no representatives of both parties are available to meet within the period set out in Condition 27.1.2 or the representatives fail to agree a unanimous resolution of the Dispute at such meeting, the Dispute shall be referred to the chief executive officers (or nominated deputies) of the Grant Recipient and the GLA (the **Senior Executives**).

27.1.4 The Senior Executives shall meet within ten (10) Business Days (or such other longer period not exceeding twenty (20) Business Days as the parties may agree) of such referral to attempt to resolve the Dispute. Any unanimous resolution of the Senior Executives shall be recorded in writing and signed by them and shall be final and binding unless the parties agree otherwise.

27.1.5 If the Dispute remains unresolved after ten (10) Business Days following referral to the Senior Executives, such Dispute must be dealt with in accordance with Condition 27.2.

27.2 In the circumstances contemplated in Condition 27.1.5, the parties will attempt to settle the Dispute by mediation in accordance with the CEDR Model Mediation Procedure. Unless otherwise agreed by the parties, the mediator will be nominated by CEDR. The parties agree that:

27.2.1 to initiate the mediation a party must give notice in writing (**ADR Notice**) to the other party to the Dispute requesting a mediation. A copy of the request should be sent to CEDR;

27.2.2 the mediation shall start not later than twenty eight (28) days after the date of the ADR Notice; and

27.2.3 except where the right to issue proceedings would be prejudiced by a delay, no party may commence any court proceedings in relation to any dispute arising out of this Agreement until it has attempted to settle the dispute by mediation and either the mediation has terminated or the other party has failed to participate in the mediation.

28 Notices

28.1 Any notice to be given hereunder shall be in writing and shall be sufficiently served if:

28.1.1 sent by electronic mail (but not by facsimile) in the case of either party to the other party's email address set out in Condition 28.3 provided that the party includes in the subject line of the email words sufficient to identify the contents of the email as a notice given under this Agreement; or

28.1.2 delivered by hand and receipted for by the recipient; or

28.1.3 sent by a recorded delivery service addressed:

(a) in the case of the GLA, to City Hall, Kamal Chunchie Way, London E16 1ZE;

(b) in the case of the Grant Recipient, to its registered office as set out at the beginning of this Agreement; or

(c) to such other addresses as either party may from time to time notify to the other by email or in writing provided that such other address is within England and Wales.

28.2 Any notice shall be deemed to be given by the sender and received by the recipient:

28.2.1 if sent by email, on the date that the email is received at the relevant email address set out in Condition 28.3;

28.2.2 if delivered by hand, when delivered to the recipient; or

28.2.3 if delivered by a recorded delivery service, three Business Days after delivery including the date of postage;

provided that if the delivery or receipt is on a day which is not a Business Day or is after 4 pm it is to be regarded as received at 9 am on the following Business Day.

28.3 The email addresses for service of notices given pursuant to Condition 28.2 are:

28.3.1 for the GLA:

(a) email address: affordablehomes@london.gov.uk.

28.3.2 for the Grant Recipient:

(a) [redacted] email address: [redacted]³

or to such other email addresses as either party may from time to time notify to the other in writing to the other party's email addresses set out in this Condition 28.3.

29 **Further assurance**

29.1 At any time upon the written request of the GLA the Grant Recipient:

29.1.1 shall promptly execute and deliver or procure the execution and delivery of any and all such further instruments and documents as may be necessary for the purpose of obtaining for the GLA the full benefit of this Agreement and of the rights and powers herein granted; and

29.1.2 shall perform and use its reasonable endeavours to procure that any third party performs such acts as may be reasonably required for the purposes of giving full effect to this Agreement.

30 **No fetter on statutory functions**

Notwithstanding anything apparently or impliedly to the contrary in this Agreement or any of the deeds and documents referred to herein, in carrying out its statutory duties or functions the discretion of the GLA shall not be fettered, constrained or otherwise unlawfully affected by the terms of this Agreement or any such other deed or document.

31 **No agency**

31.1 Nothing in this Agreement or otherwise shall be held, implied or deemed to constitute a partnership, joint venture or other association or, save as expressly provided, the relationship of principal and agent between the parties.

31.2 The Grant Recipient shall at all times be independent and nothing in this Agreement shall be construed as creating the relationship of employer and employee between the GLA and the Grant Recipient. Neither the Grant Recipient nor any of its employees shall at any time hold itself or themselves out to be an employee of the GLA.

32 **Exclusion of third party rights**

Except as otherwise expressly provided no person who is not a party to this Agreement shall be entitled to enforce any terms of this Agreement solely by virtue of the Contracts (Rights of Third Parties) Act 1999.

33 **Entire Agreement**

33.1 This Agreement and the conditions herein contained together with the Schedules constitute the entire agreement between the parties and may only be varied or modified in writing by deed.

33.2 The Grant Recipient hereby acknowledges that save as set out or referred to in the Agreement there are and have been no representations made by or on behalf of the GLA

³ Grant Recipient should provide two email addresses.

of whatsoever nature on the faith of which the Grant Recipient is entering into this Agreement.

34 Severability

If any term, condition or provision contained in this Agreement shall be held to be invalid, unlawful or unenforceable to any extent, such term, condition or provision shall to that extent be omitted from this Agreement and shall not affect the validity, legality or enforceability of the remaining parts of this Agreement.

35 Cumulative rights and enforcement

35.1 Any rights and remedies provided for in this Agreement whether in favour of the GLA or the Grant Recipient are cumulative and in addition to any further rights or remedies which may otherwise be available to those parties.

35.2 The parties acknowledge that money damages alone may not properly compensate the GLA for any breach of the Grant Recipient's obligations hereunder and the parties hereby expressly agree that in the event of the breach or threatened breach of any such obligation in addition to any other rights or remedies the GLA may have in Legislation, in equity or otherwise the GLA shall be entitled to seek injunctive or other equitable relief compelling specific performance of and other compliance with the terms of such obligations.

36 Waiver

36.1 Neither the failure of any party at any one time to enforce any provision of this Agreement nor the payments by the GLA of Named Project Grant under Condition 15.1 in any way affects the relevant party's right thereafter to require complete performance by the other party, nor may the waiver of any breach or any provision be taken or held to be a waiver of any subsequent breach of any provision or be a waiver of the provision itself.

36.2 Where in this Agreement any obligation of a party is to be performed within a specified time that obligation shall be deemed to continue after that time if the party fails to comply with that obligation within the time.

36.3 Any waiver or release of any right or remedy of either party must be specifically granted in writing signed by that party and shall:

36.3.1 be confined to the specific circumstances in which it is given;

36.3.2 not affect any other enforcement of the same or any other right; and

36.3.3 (unless it is expressed to be irrevocable) be revocable at any time in writing.

37 VAT

37.1 Except where expressly stated to the contrary in this Agreement:

37.1.1 the amount of any payment or the value of any supply is expressed exclusive of VAT properly chargeable on it; and

37.1.2 where any payment or taxable supply falls to be made pursuant to this Agreement VAT properly chargeable on it will be paid in addition by the

recipient of the supply for which payment (if any) is consideration on the provision of a valid VAT invoice for it.

37.2 The Grant Recipient considers that the payment of grant funding under or in connection with this Agreement is outside the scope of VAT. In the event that the GLA is the recipient of a supply or supplies of specified services (as such term is defined in the Value Added Tax (Section 55A) (Specified Services and Excepted Supplies) Order 2019 (the **Order**)) under or in connection with this Agreement, the GLA confirms that the requirements specified in article (8)(1)(b) of the Order are satisfied in respect of the supply or supplies with the result that section 55A(6) of the Value Added Tax Act 1994 will not apply to such supply or supplies. The Grant Recipient acknowledges that it will account for and pay any VAT on any taxable supply or supplies it makes to the GLA under or in connection with this Agreement.

38 **Survival of this Agreement**

38.1 Insofar as any of the rights and powers of the GLA provided for in this Agreement shall or may be exercised or exercisable after the termination or expiry of this Agreement the provisions of this Agreement conferring such rights and powers shall survive and remain in full force and effect notwithstanding such termination or expiry.

38.2 Insofar as any of the obligations of the Grant Recipient provided for in this Agreement remain to be discharged after the termination or expiry of this Agreement the provisions of this Agreement shall survive and remain in full force and effect notwithstanding such termination or expiry.

38.3 Without limitation the provisions of any of Conditions 3, 7, 10 to 14 (inclusive), 16 to 21.1 (inclusive), 27, 35, 36, 40 and this Condition 38 and such other provisions of this Agreement as are necessary to give effect to such Conditions are expressly agreed by the parties to survive the termination or expiry of this Agreement.

39 **London Living Wage**

39.1 Without prejudice to any other provision of this Agreement, the Grant Recipient shall (and will ensure that its consultants, contractors and sub-contractors shall):

39.1.1 use all reasonable endeavours to ensure that no employees engaged in the provision of the Works is paid an hourly wage (or equivalent of an hourly wage) less than the London Living Wage;

39.1.2 use all reasonable endeavours to ensure that no employees engaged in the provision of the Works is paid less than the amount to which they are entitled in their respective contracts of employment; and

39.1.3 provide to the GLA such information concerning the London Living Wage as the GLA or its nominees may reasonably require from time to time.

40 **Execution**

This Agreement may be executed:

40.1 by the electronic application of a party's authorised signatory's signature and provision of an electronic copy of the same; and

40.2 in any number of counterparts and each counterpart will when executed be an original of this Agreement and all counterparts together will constitute one instrument.

41 **Governing law**

This Agreement shall be governed by and construed in accordance with the laws of England and Wales and subject to the provisions of Condition 27 the parties irrevocably submit to the exclusive jurisdiction of the courts of England and Wales.

Schedule 1

Acknowledgements, Representations and Warranties

Part 1

Agreed Principles

- 1 The provisions of this Agreement represent the conditions upon which the GLA:
 - 1.1 makes the Allocated Net Grant available to the Grant Recipient; and
 - 1.2 permits the Grant Recipient to use the Allocated RCGF Funds.
- 2 The GLA has made the Allocated Net Grant available and permitted the Grant Recipient to use the Allocated RCGF Funds on the express understanding that they are applied solely for the purposes of funding the Development Costs in respect of AHP Dwellings which are to be let or sold to individuals as AHP Housing.
- 3 All RCGF Funds identified in the Named Project Details must be applied solely for the purposes of funding the Development Costs in respect of the relevant Named Project and used in accordance with the applicable requirements of the Affordable Housing Capital Funding Guide.
- 4 The Public Sector Funding in respect of a Named Project may not exceed an amount equal to the Actual Development Costs incurred by the Grant Recipient in respect of the delivery of that Named Project nor may the Public Sector Funding in respect of the Approved Bid exceed an amount equal to the aggregated Actual Development Costs in respect of the delivery of the Approved Bid.
- 5 All Named Project Grant paid under this Agreement is:
 - 5.1 social housing assistance as defined in Section 32(13) HRA 2008; and
 - 5.2 subject to the provisions of Sections 30, 34 and 333ZE of the Greater London Authority Act 1999 and any determinations made under such provisions, and the provisions of Condition 18 represent the events and principles determined by the GLA for the purposes of Sections 31-34 of the HRA 2008.
- 6 All RCGF Funds used for the purposes of funding (in whole or in part) the Development Costs constitute social housing assistance for the purposes of Section 32 of the HRA 2008 and are subject to the terms of the Recovery Determination.
- 7 Any failure by the Grant Recipient to comply with the terms of this Agreement or the occurrence of a Default Event or Withholding Event constitutes a failure to comply with a condition attached to the making of Capital Grant for the purposes of paragraph 8(e) of the Recovery Determination.
- 8 The terms of the Affordable Housing Capital Funding Guide are incorporated within this Agreement (*mutatis mutandis*).
- 9 The Grant Recipient must hold Registered Provider status at the point at which any SR Dwelling or LLR Dwelling provided pursuant to this Agreement is made available for rent.

- 10 Without prejudice to any other term of this Agreement, the parties expressly acknowledge that any LLR Dwellings delivered pursuant to this Agreement constitute "intermediate rent accommodation" for the purposes of the Rent Standard.
- 11 The parties acknowledge and agree that the LLR Dwellings delivered pursuant to this Agreement are a rent to buy product for the purposes of the AHP 2021-26.
- 12 The aggregate of the Acquisition Tranche Grant, Start on Site Tranche Grant, the Practical Completion Tranche Grant and any other tranche approved by GLA (having regard to Condition 6.4) in each Named Project will represent one hundred per centum (100%) of the Named Project Grant.
- 13 In exceptional circumstances the GLA may in its absolute discretion agree to provide grant funding for the delivery of Other Affordable Housing. Any Other Affordable Housing to be delivered under this Agreement shall be submitted on OPS as an Additional Project in compliance with the procedures set out in Condition 9.
- 14 For the purposes of Condition 9.3.5, the other matters which GLA needs to be satisfied of (in its absolute discretion) when considering an Additional Project containing any Other Affordable Housing, (OAH Project) include (but shall not be limited to):
- 14.1.1 the dates for payment of Named Project Grant;
 - 14.1.2 the Secure Legal Interest required to be held by the Grant Recipient on a claim for each Tranche of Named Project Grant in respect of the OAH Project; and
 - 14.1.3 the Milestones for the OAH Project,
- and where this paragraph 14 applies the GLA reserves the right to:
- 14.1.4 require that the Grant Recipient makes additional representations and warranties as a condition of any claim for Named Project Grant in respect of the OAH Project; and
 - 14.1.5 include any additional delivery or operational obligations having regard to the use of the Other Affordable Housing; and
 - 14.1.6 to enter into such documentation as GLA may deem necessary to reflect any of GLA's requirements under this paragraph 14.
- 15 The Grant Recipient acknowledges that on completion of the final Named (Indicative) Project to be delivered under this Agreement, the average of the grant rates attributed to all AHP Dwellings (by Tenure Type) within the Named (Indicative) Projects must equal the Average Grant Rate for each Tenure Type.
- 16 The Grant Recipient acknowledges that, pursuant to the programme requirements of the AHP 2021-26, where the Grant Recipient possesses or will possess a SLI (Rented Accommodation) in the form of a lease, the unexpired term of such lease must be of the longest duration that the Grant Recipient can reasonably negotiate and comply with any applicable requirements of the Affordable Housing Capital Funding Guide.

Part 2

Representations and Warranties

1 Powers, vires and consents

- 1.1 It has the power to enter into and to exercise its rights and perform its obligations under this Agreement and has taken all necessary action to authorise the execution by it of and the performance by it of its obligations under this Agreement.
- 1.2 It is not subject and will not become subject to any other obligation, compliance with which will or is likely to, have a Material Adverse Effect in relation to the Approved Bid or any Named Project.
- 1.3 Its obligations under this Agreement constitute its legal, valid and binding obligations, enforceable in accordance with its terms.
- 1.4 The execution, delivery and performance by it of this Agreement do not:
- 1.4.1 insofar as it is aware contravene any applicable law or directive or any judgement, order or decree of any court having jurisdiction over it;
 - 1.4.2 conflict with, or result in any breach of any of the terms of, or constitute a default under, any agreement or other instrument to which it is a party or any licence or other authorisation to which it is subject or by which it or any of its property is bound; or
 - 1.4.3 contravene or conflict with its standing orders or other constitutional documents binding upon it (as applicable) from time to time.
- 1.5 All consents, required by it in connection with the execution, delivery, issue, validity or performance or enforceability of this Agreement have been obtained and have not been withdrawn.
- 1.6 So far as it is aware, it is not in breach of or in default under any agreement to which it is a party or which is binding on it or any of its assets which has or could have a Material Adverse Effect.
- 1.7 To the best of its knowledge, no claim is presently being asserted and no litigation, arbitration or administrative proceeding is presently in progress or, to the best of its knowledge, pending or threatened against it or any of its assets which will or might have a Material Adverse Effect in relation to the Approved Bid or any Named Project.
- 1.8 It has not committed any Prohibited Act.

2 Deliverability

- 2.1 It has obtained or will by Practical Completion of a Named Project have obtained all Consents and to the extent that such Consents have been obtained they have not been withdrawn.
- 2.2 It is not aware, after due enquiry, of anything which materially threatens the success or successful completion of the intention or purpose of this Agreement.

- 2.3 No Default Event has occurred and is continuing.
- 2.4 All information supplied by or on behalf of it to the GLA or its agents or employees in connection with the Grant Recipient's initial application for grant funding or in the course of the subsequent discussions was at the time of submission and as far as it was aware (or ought to have been aware) having made all reasonable and proper enquiries true, complete and accurate in all respects.
- 2.5 It has informed the GLA of any material change that has occurred since:
- 2.5.1 the date of submission of the proposed Approved Bid prior to the date of this Agreement; and
- 2.5.2 the Approved Bid, as the same may be amended, added to, supplemented, substituted or varied in accordance with this Agreement, on each occasion of its amendment, addition, supplementation, substitution or variation of which it is aware (or ought to be aware) having made all reasonable and proper enquiries which would render such information untrue, incomplete or inaccurate in any material respect including without limitation the provision or offer of any additional Public Sector Funding.
- 2.6 It is not aware of any material fact or circumstance that has not been disclosed to the GLA and which might, if disclosed materially, adversely affect the decision of anyone considering whether or not to contract with it.
- 2.7 The level of rent for any LLR Dwellings will be set at the LLR Rent Levels and the Grant Recipient will review and, if applicable, adjust the rent of any LLR Dwelling in accordance with Condition 11.4.2 each Financial Year.
- 2.8 All data or other information supplied to the Regulator or the GLA in connection with, or related to the Approved Bid or this Agreement is accurate.
- 2.9 The Grant Recipient will own and be the landlord of the AHP Dwellings to be provided pursuant to this Agreement.
- 2.10 The AHP Dwellings funded under this Agreement meet the Additionality Condition.
- 2.11 All information supplied by or on behalf of it to the GLA or its agents or employees in connection with this Agreement (through OPS or otherwise) was at the time of submission and as far as it was aware (or ought to have been aware) having made all reasonable and proper enquiries true, complete and accurate in all respects.
- 3 **Application of Approved Bid Capacity**
- 3.1 None of the AHP Dwellings provided pursuant to this Agreement are being subsidised by RTB Funds.
- 3.2 Save where expressly agreed by the GLA, no Named Project which is a Section 106 Project is being subsidised by Named Project Grant or RCGF Funds.
- 3.3 Save where expressly agreed by the GLA, all AHP Dwellings have been let or disposed of (as applicable) in accordance with the terms of the Approved Bid.

3.4 So far as the Grant Recipient is aware (having made all reasonable enquiries) the Approved Bid (including, inter alia, all projected Start on Site and Practical Completion dates) is capable of being delivered without the need for a change to the Approved Bid.

3.5 The Grant Recipient will comply with the Good Practice Guide to Estate Regeneration where applicable.

4 **Authority of Grant Recipient's Representative**

The Grant Recipient's Representative is empowered to act on behalf of the Grant Recipient for all purposes connected with this Agreement.

5 **Propriety**

5.1 No member, employee, agent or consultant of the Grant Recipient or of any partner organisation of the Grant Recipient has any personal, proprietary or pecuniary interest in:

5.1.1 any person from whom the Grant Recipient is purchasing land or property for the purposes of or in connection with this Agreement;

5.1.2 any contractor engaged or to be engaged by the Grant Recipient in connection with this Agreement;

5.1.3 any land or other property to be acquired or developed refurbished or improved by the Grant Recipient for the purposes of or in connection with this Agreement.

5.2 No member, employee, agent or consultant of the Grant Recipient or any partner organisation of the Grant Recipient is, has or will be entitled to any preferential treatment by virtue of their position or associations whether in terms of:

5.2.1 access to properties developed, Rehabilitated or, disposed of pursuant to this Agreement; or

5.2.2 the prices at which such properties are let or disposed of.

6 **Local Government Act 1999**

6.1 The Grant Recipient is not subject to any Section 15 Direction nor do any circumstances exist which would permit such a direction to be issued.

7 **Local Government Finance Act 1988**

7.1 No Section 114 Report has been made nor is the Grant Recipient aware of any circumstances which would give rise to the making of a Section 114 Report.

Schedule 2

Development Costs

Part 1

Development Costs

Heads of expenditure

1 Acquisition

- 1.1 Purchase price of land/Site/buildings.
- 1.2 Stamp Duty Land Tax on the purchase price of land/Site.

2 Works Costs

- 2.1 Main works contract costs (excluding any costs defined as on costs).
- 2.2 Major Site development works (where applicable). These include piling, soil stabilisation, road/sewer construction, major demolition.
- 2.3 Statutory agreements, associated bonds and party wall agreements (including all fees and charges directly attributable to such works) where applicable.
- 2.4 Additional costs associated with complying with archaeological works and party wall agreement awards (including all fees, charges and claims attributable to such works) where applicable.
- 2.5 Irrecoverable VAT on the above (where applicable).

3 On costs

- 3.1 Legal fees and disbursements.
- 3.2 Net gains/losses via interest charges on development period loans.
- 3.3 Building society or other valuation and administration fees.
- 3.4 Fees for building control and Planning Permission.
- 3.5 Fees and charges associated with compliance with Legislation, and the GLA's requirements relating to energy rating of dwellings and Eco-Homes certification.
- 3.6 In-house or external consultants' fees, disbursements and expenses (where the development contract is a design and build contract) (see note below).
- 3.7 Insurance premiums including building warranty and defects/liability insurance (except contract insurance included in Works costs).
- 3.8 Contract performance bond premiums.
- 3.9 Borrowing administration charges (including associated legal and valuation fees).

- 3.10 An appropriate proportion of the Grant Recipient's development and administration costs as set out in Note 3 below.
- 3.11 Irrecoverable VAT on the above.

Note 1

Where the development contract is a design and build contract, the on-costs are deemed to include the builder's design fee element of the contract sum. The amount included by the builder for design fees should be deducted from the Works cost element referred to above, as should other non-works costs that may be submitted by the builder such as fees for building and Planning Permission, building warranty, defects liability insurance, contract performance bond and energy rating of dwellings.

Note 2

Some items will not qualify as Development Costs unless the Grant Recipient can clearly demonstrate that such costs are properly chargeable to the housing development, i.e. for the sole use of the residents or to comply with any statutory obligations that may have been imposed.

Examples of these are as follows:

- works to any roads which do not exclusively serve the housing development;
- landscaping to areas of land which lie outside the boundaries of the Site;
- district heating systems;
- trunk sewers and sewage disposal works;
- special refuse treatment buildings;
- public conveniences;
- community halls, club rooms, recreation rooms.

Note 3

Subject to the above, where any cost incurred or to be incurred by the Grant Recipient is common both to the development of the AHP Dwellings within any Named Project and to any other activity, asset or property of the Grant Recipient, only such part of that cost as is attributable to the development of the AHP Dwellings may be treated as a cost in respect of which grant under this Agreement may be paid.

Part 2

Costs which are not Development Costs

- 1 Capital costs incurred:
 - 1.1 which are not eligible for social housing assistance as defined in Section 32(13) HRA 2008;
 - 1.2 on land (forming part of the total site acquired) which will not be used exclusively for housing provision purposes directly related to the Named Project;
 - 1.3 on estate offices, factories, letting offices;
 - 1.4 on stores;
 - 1.5 on medical or dental surgeries, clinics;
 - 1.6 on police stations, public libraries, bus shelters;
 - 1.7 on shops, restaurants, public houses, offices;
 - 1.8 on transformer and other related buildings;
 - 1.9 on maintenance depots, tools, plant and vehicles;
 - 1.10 on garages (other than integral garages on market purchase scheme types) and greenhouses; and
 - 1.11 on separate commercial laundry blocks and related equipment.

Schedule 3
Legal Opinion

[TO BE TYPED ON COUNCIL NOTEPAPER]

Our ref
Your ref
Date
Email address

Greater London Authority
City Hall
Kamal Chunchie Way
London
E16 1ZE

To: Greater London Authority (the **GLA**)

Dear GLA,

Legal Opinion re Grant Agreement and related matters

I refer to the proposed Grant Agreement in relation to the Homes for Londoners: Affordable Homes Programme 2021-26 to be entered into between [] (the **Council**) and the GLA (the **Agreement**) for the purposes of, inter alia, providing affordable housing which is dated on or about the date hereof. In connection with the giving of this opinion, I have examined:

- (a) the Agreement in its final form prior to execution and delivery thereof by the Council;
- (b) the Council's Standing Orders for approving entry into and the execution and delivery of deeds by the Council and for the delegation of its authority and the powers of the Council's Executive;
- (c) such other documents I consider appropriate for the purposes of giving this opinion.

I do not express any opinion as to, nor have I investigated the law of any jurisdiction other than England.

I am of the opinion that, as at the date hereof, as a matter of English law, the Council has the power and authority to enter into, observe and perform the terms and obligations on its part to be observed and performed by it under the Agreement and has taken all necessary action 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.

Neither the execution and the delivery of, nor the performance by the Council of its obligations under the Agreement will violate any provisions of any existing application law, rule, regulation or agreement binding on the Council, and the Agreement constitutes a valid and legally binding obligation on the Council enforceable in accordance with its terms. I have given this opinion, taking into account the common law and statutory duties applicable to the exercise of power by the Council.

The above opinions are subject to the reservation that under English law, the power of the court to order or pursue performance of an obligation and any other equitable remedies is discretionary and, accordingly, an English court might make an award of damages where specific performance of an obligation at work or remedy is sought.

This opinion is given by virtue of my position as Solicitor to the Council and is only given as the holder of that office. I am not giving this opinion in a personal capacity, nor do I accept any private or personal liability for any error or omission in it or which may arise therefrom and the recipient, in seeking to place reliance on the contents of this letter, must duly acknowledge the same if any error or omission is later to be found. This opinion is addressed to the GLA and is solely for its benefit. It may not be disclosed to or relied upon by any other person or made public in any way without my prior consent. This opinion is limited to matters addressed herein and is not to be read as an opinion with respect to any other matter.

Yours faithfully

Council Solicitor

There follows the specimen signatures and titles of those who will or may attest the execution as a deed of the Agreement referred to above.⁴

.

Name	Title	Specimen Signature

⁴ Please note that the Legal Opinion will not be in a form satisfactory to the GLA unless the person executing the Agreement is identified in this table.

This Agreement has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

[**EXECUTED** as a **DEED** by affixing)
the common seal of the)
GREATER LONDON AUTHORITY)
In the presence of:

Authorised Signatory]

[DN: Include if using wet ink signatures]

[**EXECUTED** and delivered)
for and on behalf of the)
GREATER LONDON AUTHORITY by:)

Authorised Signatory

.....

NAME (BLOCK)

.....

Position

.....

Authorised Signatory

.....

NAME (BLOCK)

.....

Position]

[DN: include if using electronic signatures]

[Grant Recipient]

EXECUTED as a **DEED** by affixing **THE COMMON**)
SEAL of **[LOCAL AUTHORITY]**)
In the presence of:)

.....
Authorised Officer

Print Name:

Appendix 1

Indicative Proposals Worked Example

- 1 Potters Fields HA had an Indicative Allocation of £2.4m to deliver 20 homes, all of which were Social Rent homes. The Average Grant Rate for the Social Rent homes was £120,000.
- 2 Potters Fields HA profiled 15 homes into two Named (Indicative) Projects on OPS. GLA approved the two Named (Indicative) Projects at the following rates:
 - Project 1:
 - 7 Social Rent homes at grant rates of £120k per home
 - £840,000 grant in total
 - The scheme had reached Practical Completion and 100 per cent of grant had been paid.
 - Project 2:
 - 8 Social Rent homes at grant rates of £140k per home
 - £1,120,000 grant in total
 - The scheme had achieved Start on Site and 50 per cent of the grant had been paid.
- 3 Potters Fields HA therefore had a remaining Indicative Allocation of £440,000 to deliver 5 Social Rent homes. This equated to £88,000 per home. Over the course of the programme, the GLA developed concerns about Potters Fields' ability to profile the 5 remaining Social Rent homes into Named (Indicative) Project(s) with its remaining Indicative Allocation, and reviewed this with the partner via an Interim Reconciliation Exercise as set out in condition 12.6.
- 4 Following this Interim Reconciliation Exercise, it was determined that Potters Fields would be unlikely to profile out the remaining Social Rent homes at a level of £88,000 (or less) by 31 March 2026. This meant that the average grant rate of all the Social Rent homes in Potters Fields' Named (Indicative) Projects would be above the £120,000 Average Grant Rate agreed for Social Rent homes at the start of programme. This constituted an Interim Reconciliation Default as defined in condition 12.7.2.
- 5 Following a service of notice by the GLA, Potters Fields failed to provide satisfactory information as required under condition 19.7, and therefore the provisions of condition 19.8 applied. The grant level on each Social Rent home within Potters Fields' Named (Indicative) Projects on OPS was reduced by the Deduction Amount to bring the total level of funding in line with the Average Grant Rate for Social Rent homes.

Calculating the Deduction Amount

- 6 The Deduction Amount, which is per home, was calculated in line with the formula set out in condition 19.8.1:

$$\text{Deduction Amount} = \frac{\text{Total Social Rent} - \text{Average Social Rent}}{\text{Number of Social Rent}}$$

In this example:

Total Social Rent = total grant allocated to all Social Rent homes in all Named (Indicative) Projects = £840,000 (for project 1) + £1,120,000 (for project 2) = £1,960,000.

Average Social Rent = Average Grant Rate for Social Rent x total number of Social Rent homes in all Named (Indicative) Projects = £120,000 x 15 = £1,800,000

Number of Social Rent = total number of Social Rent homes in all Named (Indicative) Projects = 15

$$\text{Deduction Amount} = \frac{\text{£1,960,000} - \text{£1,800,000}}{15}$$

$$\text{Deduction Amount} = \frac{\text{£160,000}}{15}$$

$$\text{Deduction Amount} = \text{£10,667 per Social Rent home}^5$$

Amending Named (Indicative) Project grant on OPS

- 7 As per condition 19.8.1, the Named Project Grant for each Named (Indicative) Project was reduced by the Deduction Amount per Social Rent Home.
- 8 For Project 1, the Named Project Grant allocated to the project on OPS was reduced by £10,667 x 7 = £74,667.
- 9 For Project 2, the Named Project Grant allocated to the project on OPS was reduced by £10,667 x 8 = £85,333.

Calculating the Recovery Amount

- 10 As per condition 19.8.2, the GLA recovered grant in line with conditions 18.2.7 and 18.3.5.
- 11 Project 1 had completed, and 100 per cent of the grant had been paid by the GLA. The approach outlined in condition 18.3.5 (a) was therefore used to calculate the Recovery Amount:
- The Recovery Amount for Project 1 was £10,667 x 7 = £74,667
- 12 Project 2 had only started on site, and therefore only 50 per cent of the grant had been paid by the GLA. The approach outlined in condition 18.3.5 (b) was therefore used to calculate the Recovery Amount:

$$RA = \text{Grant Paid} - \left(\left(\frac{\text{Grant Paid}}{\text{Grant Allocated}} \right) \times \text{Revised Grant Amount} \right)$$

⁵ Rounded to nearest £1.

Where:

RA = the Recovery Amount

And in this example:

Grant Paid = the total grant paid out = £560,000

Grant Allocated = the total grant allocated = £1,120,000

Revised Grant Amount = change in grant caused by Interim Reconciliation Exercise =
£1,120,000 – (£10,667 x 8) = £1,120,000 - £85,333 = £1,034,667

$$RA = £560,000 - \left(\left(\frac{£560,000}{£1,120,000} \right) \times £1,034,667 \right)$$

$$RA = £560,000 - ((0.5) \times £1,034,667)$$

$$RA = £560,000 - £517,333$$

$$RA = £42,667$$

- The Recovery Amount for Project 2, against the 50 per cent tranche already paid, was therefore £42,667. The remaining 50 per cent grant payable at Practical Completion is now £517,333 (50 per cent of the revised grant amount).

13 In total therefore, Potters Fields HA repaid £117,333 in line with condition 18.5.

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Homes for Londoners: Affordable Homes Programme 2021-2026

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from www.london.gov.uk

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Foreword

Despite significant progress over the last four years to build the homes our city needs, the reality is too many Londoners still can't afford a decent home to rent or buy. When I became Mayor, I was clear that one of my top priorities was to tackle the housing crisis, which blights people's lives and leaves too many living in overcrowded, expensive, or poor-quality accommodation.

Since 2016, City Hall has worked together with councils, housing associations and the development industry to improve the situation. And I'm pleased that we have hit every single one of the delivery targets in our current Affordable Homes Programme. Last year, we started the highest number of genuinely affordable homes since Greater London Authority records began in 2003. This included more new council homes than in any year since 1983.

What we mean by 'affordable' housing matters. That's why, in my time as Mayor, I've ditched the dodgy definition used by ministers elsewhere in the country, which defines so-called 'affordable rents' as being up to 80 per cent of the market rate. Instead, we have focused on building homes that are genuinely affordable to Londoners through the creation of London Affordable Rent.

However, there remains much more to do. So I'm pleased to be setting out the terms of my Affordable Homes Programme 2021-26. We have secured a further £4bn to support affordable homebuilding, and over the next five years, my team will be working with investment partners to start 82,000 new affordable homes across both the new and current programmes.

To be clear: the level of funding the Government has been willing to make available is simply not enough to deliver affordable homes at a scale that matches either the needs of Londoners or my ambitions for our city. However, I am determined to ensure that we use this funding not only to deliver homes, but to drive up standards in a number of key areas including design, sustainability, building safety, and equality, diversity and inclusion. These new standards will ensure that we are meeting our expectation on quality, as set out in planning policy, while also contributing to my vision of a more equal, more diverse and more inclusive city.

This programme will focus on homes that are genuinely affordable: for Social Rent, London Living Rent and Shared Ownership. I have long made the case that the most acute need in London is for low-cost homes to rent, so I am pleased to have agreed with the Government that more than half the programme will be for Social Rent.

The programme will also encourage council homebuilding. In 2018, I launched City Hall's first ever programme dedicated to council housing – the Building Council Homes for Londoners programme. With support from City Hall, councils are now beginning to build again and at a scale not seen for decades. This programme will provide funding to enable

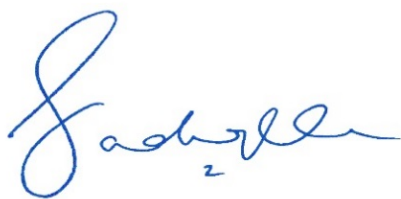
councils to return to their role as major homebuilders in London, including new opportunities for councils to build homes for Social Rent.

I'm proud our programme will require investment partners to commit to improving equality, diversity and inclusion as a condition of their funding. I intend to make sure London is a place for all, where no community feels left behind or excluded, and where everyone can benefit from the opportunities that a good home makes possible. High quality affordable housing is critical to achieving this, and if we all pull together, I'm confident that we can build the homes that will make this a reality for many more Londoners.

The programme will also strengthen the safety of new homes. We have learned from the horrific fire at Grenfell Tower, in which 72 Londoners tragically lost their lives, how grave the consequences can be when building safety is not prioritised. So this programme will introduce stringent new fire safety requirements to make sure that residents can have confidence in the safety of their homes.

Furthermore, the programme will prioritise good quality design and will seek to improve the sustainability of new homes as we work towards making London a net-zero city. The COVID-19 pandemic has been a reminder of the urgency of providing safe and secure homes for all. Good quality design will improve the experience of those occupying new affordable homes, and sustainability requirements will ensure that we can build back from the pandemic without exacerbating the climate emergency.

There is a lot to be done, but I know that by working in partnership – and by seizing opportunities for innovation – we can provide Londoners with the good quality, highly sustainable and genuinely affordable homes they so desperately need and deserve.

A handwritten signature in blue ink, appearing to read 'Sadiq Khan', with a small number '2' written below the name.

Sadiq Khan
Mayor of London



Part one: Programme requirements

Overview

1. The Mayor has secured £4 billion from Government to deliver affordable homes in London under the new Homes for Londoners: Affordable Homes Programme 2021-2026. This funding is expected to support starts on site between 2021 and 2026, with completions by 2028 for most projects and some strategic sites completing in 2029. The Mayor will use this programme to maximise the number of new homes in London and is eager to ensure funding results in net additionality.
2. The Mayor and Government have agreed that over half of these starts across the new programme will be at Social Rent – where we know there is the greatest need in London. The remainder will support households into home ownership, through the delivery of London Living Rent or Shared Ownership homes. The new programme also includes provision for supported and specialist housing.
3. The Mayor will continue to deliver his Homes for Londoners: Affordable Homes Programme 2016-2023 alongside this new funding settlement. Overall the GLA aims to support 82,000 affordable homes between April 2021 and March 2026. This will see investment partners in London make a significant contribution to the national target of 180,000 starts by 2026.
4. Bidding will remain open for the Affordable Homes Programme 2016-2023 and partners with existing allocations in the current programme will be expected to deliver those in full. The GLA encourages bids for large scale, deliverable programmes from investment partners through both the current and new programme.

Affordable housing products

5. The Mayor is committed to delivering homes that are tailored to the different needs of Londoners. The Mayor will primarily allocate funding through the Affordable Homes Programme 2021-2026 for three affordable housing products, which are:
 - Social Rent
 - London Living Rent
 - Shared Ownership.
6. Investment partners are expected to deliver a mixture of homes for both Social Rent and home ownership (London Living Rent and Shared Ownership), subject to the detail on eligible bidders set out in paragraph 96 and additional products available for supported and specialist housing set out in paragraph 29.

Social Rent

7. The overwhelming housing need in London is for low cost rented homes to help low income households, typically nominated by councils, who are unable to secure or sustain housing on the open market. The Mayor has long argued that the Government needs to provide adequate funding to deliver homes at Social Rent and welcomes the opportunity to do so at scale through this programme.
8. Social Rents are calculated using the formula and data set out in the Ministry of Housing, Communities and Local Government's [Policy Statement on Rents for Social Housing](#) from 1 April 2020 and in the Regulator of Social Housing's [Regulatory Framework for Social Housing](#) (including the Rent Standard 2020) for local authorities and private Registered Providers. For details on the calculation of the weekly rent, investment partners should refer to these documents. The landlord of these homes must be registered with the Regulator of Social Housing.

Right to Shared Ownership

9. The Government requires Social Rent homes delivered through this programme to be eligible for the Right to Shared Ownership, with some specific exemptions. The following types of homes are exempt:
 - Council housing
 - Homes in designated protected areas and rural exception sites
 - Supported and specialist homes for older, disabled and vulnerable people
 - Almshouses
 - Homes where the landlord is a co-operative housing association
 - Homes where the landlord or freeholder is a Community Land Trust.
10. Further information about requirements and exemptions for the Right to Shared Ownership will be set out in more detail in the GLA's [Affordable Housing Capital Funding Guide](#), which will be released in due course. In the meantime, investment partners are advised to review the Government's [Right to Shared Ownership: Initial Guidance for Registered Providers](#) for further information. Investment partners submitting bids under London's Affordable Homes Programme 2021-26 are expected to self-certify circumstances where their programme includes homes that are exempt.

Lifetime tenancies

11. The GLA expects all Social Rent homes delivered through this programme to be offered on lifetime tenancies. Probationary and introductory tenancies may be permitted if required.

London Living Rent

12. The Mayor recognises that there are many Londoners who struggle to afford private rents and want to own their own home but find it difficult to save for a deposit. London Living Rent offers Londoners a below-market rent, supporting them to save for a deposit to enable them to move into home ownership.

Setting rents

13. The GLA publishes ward-specific benchmark rent levels for London Living Rent homes on an annual basis. These rent levels are based on one-third of the estimated median gross household income for the local borough, varied by up to 20 per cent in line with ward-level house prices, and are capped to reflect the maximum amount a household eligible for London Living Rent could afford. The benchmark rents also vary based on the number of bedrooms within the home.

14. Investment partners accessing GLA grant funding for London Living Rent homes will have the flexibility to let homes at lower rents if they wish, however rent levels must not exceed the benchmarks. Rents should not be increased above the rate of CPI inflation and on re-let the rent should revert to the applicable London Living Rent level (or lower). The benchmark rents are inclusive of service charges. In contractual terms, London Living Rent will be defined as Rent to Buy grant funding within the Affordable Homes Programme 2021-2026. The landlord of these homes must be registered as a provider with the Regulator of Social Housing.

London Living Rent eligibility

15. Eligibility for London Living Rent is restricted to those who live or work in London who either have a formal tenancy (e.g. in the private rented sector) or who are living in an informal arrangement with family or friends as a result of struggling with housing costs. These homes are available to Londoners who have a maximum gross household income of £60,000 (in accordance with the new London Plan and updated in the [London Plan Annual Monitoring Report](#)), do not currently own a home and do not have sufficient savings to purchase a home in the local area. Councils may set additional eligibility criteria (e.g. lower local income thresholds or other restrictions) for the first three months of marketing¹. Any changes or updates to these criteria will be provided through the [London Plan Annual Monitoring Report](#) and/or other planning or funding guidance. London Living Rent homes should be advertised on the [Homes for Londoners property search tool](#).

London Living Rent tenancy terms and route to home ownership

16. Investment partners are expected to use London Living Rent to actively support tenants into home ownership within ten years. This will include a requirement to assess

¹ Paragraph 4.6.10 London Plan - Intend to Publish Version (2019) or any subsequent published version of the London Plan.

the ability and inclination of prospective tenants to save and offering tenants the opportunity to buy their London Living Rent home on a Shared Ownership basis during their tenancy and within ten years.

17. The GLA reserves the right to recover grant in line with rules published in the GLA's [Affordable Housing Capital Funding Guide](#), including where the sale of a London Living Rent home on a Shared Ownership basis may give rise to surplus subsidy.
18. Investment partners providing London Living Rent homes will have flexibility to manage the tenancies in the way they see fit, although the GLA generally expects London Living Rent homes to be available as rental properties for ten years and would not expect tenants to be required to move within the first three years.

Shared Ownership

19. Shared Ownership allows a buyer to purchase a share in a new home, and pay a rent on the remaining, unsold share. The Government requires that the Mayor introduces the Government's new Shared Ownership model in this programme. The Government is still finalising the terms of the new Shared Ownership model and has launched a [technical consultation](#) to garner views on how best to implement it. Investment partners are strongly encouraged to review and respond to the technical consultation.
20. Under the Government's new model, Shared Ownership purchasers should have a household income that can support an initial purchase of between 10 per cent and 75 per cent of the value of a property, and usually a mortgage deposit of around 10 per cent of the share to be purchased. Rents for Shared Ownership properties can be no more than 2.75 per cent of the value of the unsold share and subsequent rent increases are limited. The Government's new model requires landlords to cover the cost of any repairs and maintenance for new Shared Ownership homes for an initial 10-year period.
21. All sales must be based on a form of lease containing certain fundamental clauses, which will be set out in the GLA Capital Funding Guide in due course. The GLA Capital Funding Guide will also set out more detail about the terms of the new Shared Ownership model, when available. In the meantime, investment partners are advised to review the [Government's response to its initial consultation on the new model](#) for further information about the proposed terms of the new model².

Eligibility and access to Shared Ownership homes

22. Shared Ownership homes are available to households with a maximum gross income of £90,000 (in accordance with the new London Plan and updated in the [London Plan](#)

² The new model is subject to a further technical consultation which was not yet published at the time of publication of this Funding Guidance.

[Annual Monitoring Report](#)) who do not own their own home (other than existing shared owners) and who are unable to buy a property on the open market. Councils may set additional eligibility criteria (e.g. lower local income thresholds or other restrictions) for the first three months of marketing³. Any changes or updates to these criteria will be provided through the [London Plan Annual Monitoring Report](#) and/or other relevant planning and funding guidance.

23. Investment partners should advertise their available Shared Ownership homes on the [Homes for Londoners property search tool](#).

Service charges and other fees in Shared Ownership homes

24. Where they have not already, investment partners are expected to sign up to the existing [Shared Ownership Charter for Service Charges](#) and to commit to working with the GLA to develop a new and improved Charter, reflecting the new Shared Ownership model. As part of this work, the GLA will work with investment partners to undertake research on service charge levels in London.

25. Additional fees and charges for Shared Ownership homes should be kept to a minimum and only reflect the costs to the landlord of undertaking particular tasks. Investment partners are required to publish on their website details of additional fees and charges (other than service charges) for Shared Ownership homes to ensure residents are sufficiently informed about any further costs.

Early information for potential shared owners

26. Investment partners are required to provide a 'key features' document to potential purchasers at the start of the marketing and sales period for all Shared Ownership homes. In addition to the information already required in the key information document, as outlined in the current Shared Ownership model lease, this 'key features' document should also include detailed information on the tenure of a property and the length of any lease, as well as the full range of potential costs, including any expected service charges, permission fees and any other charges (including those relating to resales and lease extensions).

Supported and specialist housing

27. The Mayor is committed to building more homes that meet the diverse needs of Londoners, including by maximising the delivery of supported and specialist housing.

³ Paragraph 4.6.10 London Plan - Intend to Publish Version (2019) or any subsequent published version of the London Plan.

28. Investment partners are therefore encouraged to bring forward specialist and supported housing schemes, including for:

- Older people
- Disabled people, including those with physical or sensory disabilities, learning disabilities, autism and mental health issues
- Homeless people, and those at risk of homelessness, including rough sleepers (or former rough sleepers) and victims of violence against women and girls (including those moving on from emergency accommodation such as refuges)
- Gypsies and Travellers
- Other groups, such as refugees, care leavers, young people at risk, offenders and people with substance misuse issues or complex and multiple needs.

29. Investment partners seeking GLA funding under this programme for supported and specialist housing schemes must ensure these homes meet the requirements set out in sections 5-26 above in relation to the three primary affordable housing products supported by the Mayor in this programme. While the Mayor's preferred rental product is Social Rent, to maximise supply the GLA will fund specialist and supported housing at Affordable Rent levels where this is essential for viability and if still genuinely affordable. Investment partners who provide supported and specialist homes for older, disabled and vulnerable people at Social Rent and Affordable Rent levels funded through the programme will be exempt from providing the Right to Shared Ownership to tenants.

30. Supported and specialist housing can be developed through new build, as well as through the repurposing or re-improvement of existing homes.

31. Further information about the types of supported and specialist housing the Mayor will fund under this programme is outlined in the supported and specialist housing further guidance, which is available on the GLA website [here](#).

32. The Mayor's current supported housing programmes will continue to operate alongside the new programme. Details of the current programmes are available on the GLA website and bidders are encouraged to use the existing routes where projects can start on site by 31 March 2023.



Council homebuilding

33. While further funding and flexibilities from central Government are ultimately necessary to support the scale of new council homebuilding that London needs, the Mayor wants to work with councils to maximise existing powers and resources to deliver new homes in London. The Mayor has made substantial levels of new resources and funding available to councils through his [Building Council Homes for Londoners](#) programme, which was launched in 2018 and aims to support 10,000 new council housing starts by 2023. The GLA will continue to support councils to increase the number of homes they can build over the course of the programme.
34. The Mayor recognises that council housing delivery and planning teams face significant skills and capacity challenges. Housing associations and private developers bidding to the programme will be encouraged to share skills with council delivery teams through formalised collaboration and partnership. Partnerships are expected to focus on developing the skills and capacity of council delivery teams. Examples of formalised partnership arrangements could include engaging in two-way secondments or staff swaps between council staff and partner teams. Bids submitted by prospective investment partners will be considered favourably where they include an offer to share skills or provide capacity to council housing teams.
35. The Mayor's Right to Buy ringfence offer, which was introduced in 2018 under the Building Council Homes for Londoners programme, remains available as a source of grant funding to councils. Councils are encouraged to contact the GLA if they are interested in obtaining grant through this offer. These bids should be submitted through the existing routes.

Estate regeneration

36. The Affordable Homes Programme 2021-2026 provides funding for estate regeneration projects where the grant is used for additional homes. Funding will not be available for units that replace homes that have been, or will be, demolished. Where homes have become obsolete the GLA will consider funding these replacement homes in exceptional circumstances, and only as part of a scheme that will increase the number of homes overall. Where councils are unable to fund replacement homes within their own resources, the GLA will look to provide alternative funding. Investment partners seeking to undertake estate regeneration are encouraged to submit bids under this programme for units that will increase overall supply and to discuss additional requirements with GLA officers where further funding is required to support the replacement of homes that have been demolished.
37. The Mayor has published [Better Homes for Local People: The Mayor's Good Practice Guide to Estate Regeneration](#), which sets out his expectations for how local authorities and housing associations should engage with residents as part of all estate

regeneration schemes, whether or not they include the demolition of homes. Investment partners who bid for grant to deliver estate regeneration will need to commit to these standards for their estate regeneration projects. In addition, providers will need to comply with the Resident Ballot Requirement as set out in [Chapter 8 of the Capital Funding Guide](#).

Delivering quality homes for Londoners

38. The Mayor is determined to use his powers to ensure that new affordable homes built in London are safe, sustainable and well-designed. Investment partners seeking funding under this programme will need to meet new funding requirements that support the Mayor's vision for [Good Growth by Design](#) in the capital. The standards set out below reflect current minimum expectations that investment partners must meet to qualify for funding, although investment partners are encouraged to take a more ambitious approach in meeting the objectives of these requirements.

Building safety

39. Following the tragic fire at Grenfell Tower in 2017, the Mayor wants to ensure London is at the forefront of best practice in fire safety – especially when delivering affordable homes. The fire; the subsequent discovery of widespread use of unsafe materials on high-rise buildings across the country; and the systemic failures set out in Dame Judith Hackitt's [Independent Review of Building Regulations and Fire Safety](#) have highlighted the urgent need for reform. Furthermore, several damaging fires in blocks below 18 metres have demonstrated the need to move away from arbitrary height thresholds as a way of managing safety risk.

40. Investment partners must meet five mandatory building safety standards to be eligible for grant funding through the Affordable Homes Programme 2021-2026. Investment partners will be required to self-certify compliance with these requirements in advance of receiving payments from the new programme. The GLA reserves the right to monitor compliance of these requirements through spot checks in the annual compliance audit process.

Building safety standards	
1	The following buildings must include Automatic Fire Suppression Systems, including (but not limited to) sprinklers: <ul style="list-style-type: none"> • All purpose-built blocks of flats (including conversions) of any height • All supported and specialist accommodation.
2	No combustible materials may be used in the external walls of all homes and buildings, regardless of their height ⁴ .
3	All homes must include access to water supplies for firefighting in accordance with Water UK's national guidance document .
4	For all homes, investment partners must register any in-built electrical products, such as white goods, with the manufacturers' registration service. Investment partners must also encourage residents to register white goods with manufacturers for every product where it is possible to do so.
5	For all homes, investment partners must ensure that information about product registration, product recalls and electrical safety is made available to residents.

Design

41. The Mayor wants to ensure affordable homes exhibit high-quality design that is socially and economically inclusive and environmentally sustainable, which support Good Growth principles. The new London Plan and the Good Quality Homes for all Londoners London Plan Guidance set out clear policies and guidance on achieving high quality design and standards in housing, which partners are expected to adhere to when building new homes.

42. In line with new London Plan requirements, the GLA is including nine design standards that set minimum standards for new affordable homes in London. To qualify for funding, proposed schemes are expected to meet, or exceed, all the specified design standards set out below. The GLA reserves the right to assess that the standards have been followed through compliance audit.

⁴ This will only allow materials that are Class A2-s1 rated and above under the European classification system, as set out in the standard BS EN 13501-1 and as reflected in UK Building Regulations.

Design standards	
1	All homes must meet minimum floor space standards, including storage, as outlined in Appendix 1.
2	All homes must have a minimum floor-to-ceiling height of 2.5 metres between finished floor level and finished ceiling level.
3	All homes must provide a minimum of 5 sqm of private outdoor space for one-to-two person dwellings and must provide an extra 1 sqm for each additional occupant.
4	Where 10 or more children or young people are expected to live in the affordable dwellings, there must be at least 10m ² of play space per child.
5	The number of homes accessed from a single core must not exceed 8 homes per floor.
6	All homes with three bedrooms or more must be dual aspect. Any single aspect one-bedroom or two-bedroom dwellings must not be north-facing.
7	All homes must provide for direct sunlight to enter at least one habitable room for part of the day.
8	For developments with 10+ homes, at least 10 per cent of dwellings should meet Building Regulation M4(3) requirements for wheelchair user dwellings. All other new build dwellings within the development should meet Building Regulation M4(2) requirement for accessible and adaptable dwellings. ⁵
9	All developments of 50+ residential dwellings must be subject to an independent design review as part of the planning process.

43. Only in exceptional circumstances, where agreed by the GLA, will exemptions be made.

44. The Mayor recognises the importance of residents' experiences when considering the success of new developments and communities. Post-occupancy evaluation is a critical tool for assessing resident satisfaction and the Mayor cannot be assured that GLA funding is driving continuous improvement without such a 'real-world' evaluation. The Mayor also recognises the importance of design management to the delivery of Good Growth. Design management plans will support partners to bolster their processes, standards and culture, and ensure good design practices are embedded throughout the

⁵ As set out in the London Plan – Intend to Publish Version (2019) or any subsequent published version of the London Plan).

life of a project, from scoping and community participation, to procurement, design development and delivery.

45. To meet these aims, the GLA will initially pilot the use of post-occupancy evaluation and design management plans, with the potential for these to become a contractual requirement for all projects within the programme period. Further information about the Mayor's expectations in relation to design quality for affordable housing, including new pilots for post-occupancy evaluation and design management plans, will be made available on the GLA website, [here](#), in due course.

Sustainability and net zero-carbon homes

46. The Mayor is committed to ensuring the capital leads the way in tackling climate change by making London a net zero-carbon city by 2030. To support this goal the GLA will expect that new homes are environmentally sustainable and meet zero-carbon targets.
47. Investment partners are required to adhere to six new sustainability standards as a condition of funding. These reflect new London Plan requirements and will already be familiar to partners committed to sustainability. Adherence to these standards will mean new affordable homes funded by the Mayor go beyond building regulation requirements and will ensure sustainability is at the heart of the new affordable homes in London. By monitoring the environmental performance of completed homes, the Mayor can recognise and promote best practice within the housebuilding industry.

Sustainability standards	
1	All developments of 10+ homes must be net zero-carbon. This must include at least a 35 per cent reduction in on-site carbon dioxide emissions against Part L 2013 of the Building Regulations, of which there must be at least a 10 per cent reduction from energy efficiency measures. Any shortfall in emissions must be paid into the borough's carbon offset fund.
2	All referable development proposals ⁶ must calculate whole life-cycle carbon emissions through a nationally recognised Whole Life-Cycle Carbon Assessment and demonstrate actions taken to reduce life-cycle carbon emissions.
3	All developments of 10+ homes must submit data to the GLA's 'Be Seen' monitoring portal in accordance with relevant guidance.
4	All developments of 10+ homes must be at least Air Quality Neutral.

⁶ Referable developments include those that meet the criteria set out in the Mayor of London Order (2008). This definition includes developments of 150 residential units or more; developments over 30 metres in height (outside of the City of London) and developments on Green Belt or Metropolitan Open Land.

5	All developments of 10+ homes must meet relevant borough Urban Greening Factor target scores or, where none exist, the interim score of 0.4. ⁷
6	All developments of 10+ homes must demonstrate through an Energy Strategy how they will reduce the potential for internal overheating in accordance with the cooling hierarchy. ⁸

48. Only in exceptional circumstances, where agreed by the GLA, will exemptions be made. Further information about the Mayor's expectations in relation to sustainability standards will be made available on the GLA website, [here](#), in due course.

49. Investment partners are reminded that the Mayor has launched London Power, a green energy company available exclusively to Londoners. Investment partners are encouraged to consider offering this service within their projects.

Modern Methods of Construction

50. The Mayor is committed to modernising London's construction sector and ensuring a more resilient, more sustainable and more innovative approach to homebuilding by encouraging greater uptake of Modern Methods of Construction (MMC). The Mayor expects investment partners to maximise their use of MMC systems when seeking funding under the Affordable Homes Programme 2021-2026.

51. The Mayor adopts the Government's MMC Definitions Framework when referring to MMC systems⁹, as summarised below. Further guidance about the MMC Definitions Framework is available on the GLA website.

Category	Definition
1	Pre-Manufacturing: 3D primary structural systems.
2	Pre-Manufacturing: 2D primary structural systems.
3	Pre-Manufactured components: Non-systemised primary structure.
4	Additive Manufacturing: Structural and non-structural.
5	Pre-Manufacturing: Non-structural assemblies and sub-assemblies.
6	Traditional building product led site labour reduction/productivity improvements.

⁷ As set out in the London Plan - Intend to Publish Version (2019) or any subsequent published version of the London Plan.

⁸ Ibid.

⁹ Each of the seven categories within the MMC Definition Framework fall within the GLA's definition of MMC.

7	Site process led labour reduction/productivity/assurance improvements.
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52. Investment partners will be required to identify the types of MMC systems used on projects submitted for funding in the Affordable Homes Programme 2021-2026. The GLA may also request updates at other stages of the development process.
53. The Mayor recognises that MMC represents a new method of construction, and a new way of working, for many investment partners. The GLA is committed to working with investment partners to address these challenges and encourages investment partners to discuss specific requests for GLA support where these can demonstrate increased levels of MMC across a scheme or programme. The GLA particularly welcomes bids from investment partners that aim to aggregate demand for MMC systems, including those that can demonstrate a clear delivery pipeline. The GLA also welcomes bids where it can be evidenced that MMC has been used to support the circular economy, including design for disassembly and promotion of re-use and recycling of materials.

Equality, diversity and inclusion

54. The Mayor is committed to creating a fairer, more equal and more integrated city where all people feel welcome and able to fulfil their potential. [Inclusive London](#), the Mayor's equality, diversity and inclusion strategy, sets out how he will help address the inequalities, barriers and discrimination experienced by different groups of people in London.
55. One important way to reduce inequality is by taking action to tackle the housing crisis. The disproportionate impacts of homelessness, overcrowding and poor-quality housing that affect particular groups of Londoners, notably those from Black, Asian and Minority Ethnic backgrounds, can be tackled by building more affordable homes.



Equality, diversity and inclusion action planning

57. The Mayor is committed to supporting increased diversity in the built environment sector and expects partners to contribute to his vision of a more equal, diverse and inclusive London by meaningfully enhancing their organisational practices, procurement methods and engagement with communities.
58. All investment partners will be contractually required to meet minimum standards outlined in the table below within one year of their grant allocation being approved by the GLA. These standards seek to implement the [Mayor's Good Work Standard](#) 'diversity and recruitment' pillar and are being introduced to reflect the Mayor's commitment to ensuring London is a more equal, diverse and inclusive city for all.
59. The Mayor recognises that some organisations are already working hard to promote equality, diversity and inclusion, and hopes that the funding requirement will enhance existing initiatives, as well as embed minimum standards across the sector.

Equality, diversity and inclusion standards	
1	All investment partners must offer diversity and inclusion training for all employees.
2	All investment partners must implement a zero-tolerance approach to all forms of discrimination, harassment and bullying.
3	All investment partners must broaden recruitment channels and encourage applications from diverse and under-represented groups.
4	All investment partners must collect and monitor workforce data to benchmark the diversity of their workforce against the local area of the organisation. ¹⁰
5	All investment partners must publish their gender and ethnicity pay gaps. ¹¹

60. In addition, the Mayor encourages all investment partners in larger organisations to work towards achieving accreditation through his [Good Work Standard](#), which brings together best employment practice and links to resources and support from across London to help employers improve their organisations.
61. All investment partners are expected to develop, publish and implement an Equality, Diversity and Inclusion Action Plan for their organisation within a year of their grant allocation being approved by the GLA and must provide annual updates on

¹⁰ Smaller organisations may be exempt from this requirement if this would risk breaching the privacy of individual employees.

¹¹ Ibid.

implementation. This will ensure all providers build on their current achievements, and will include at least one action from each of the following three themes:

- Theme 1: Organisational equality, diversity and fairness
- Theme 2: Sustainable and diverse supply chains
- Theme 3: Working together with Londoners.

62. The GLA will produce full guidance on the type of actions that would be considered appropriate under each theme, which will be published on the GLA website in due course to assist partners when developing their action plans. Prior to the full guidance being published, an indicative overview of the three themes and examples of actions will also be provided. Partners will be able to tailor actions to their organisational needs and are encouraged to explore ambitious actions that result in meaningful change. Further information on the Mayor's approach to supporting diversity in employment can be found in the [Supporting Diversity Handbook](#) and the [Good Work Standard Employer Guidance](#).

London Living Wage

63. Investment partners receiving grant through this programme will be expected to ensure that their employees and workers are paid the London Living Wage and should endeavour to ensure that consultants, contractors and sub-contractor employees similarly meet this requirement. This will be a contractual obligation of funding.

Naming developments

64. London has a diverse cultural history, and the city's streets, estates and wider developments should reflect this wherever possible. The Mayor expects investment partners to have regard to the diversity of London when naming new streets, estates and wider developments funded through this programme.

Equality Impact Assessment

65. The GLA has undertaken an Equality Impact Assessment for the Affordable Homes Programme 2021-2026. The Equality Impact Assessment is an information gathering tool used to assess the potential impacts of policies on people with the characteristics that are protected by the Equality Act 2010; and to consider how the GLA can eliminate discrimination, advance equality of opportunity, and foster good relations between different people. The Equality Impact Assessment addresses the Mayor's legal duties to carry out a comprehensive assessment of the programme and its proposed policies. The Equality Impact Assessment has helped shape the preparation of the new programme, ensuring that these key issues have been taken into account throughout the programme development process. The GLA will use the Equality Impact Assessment as the basis for applying the Mayor of London's public sector equality duty

to deployment of funding available through the Affordable Homes Programme 2021-2026.

66. The Homes for Londoners: Affordable Homes Programme 2021-2026 Equality Impact Assessment has been published alongside this funding guidance and is available on the GLA website [here](#).

Additional supporting objectives

Government strategic priorities

67. The Mayor is working with Government to deliver the Affordable Homes Programme 2021-2026, and in addition to his own priorities, has agreed with Government that the programme will promote the following four strategic objectives. Investment partners seeking funding through the Affordable Homes Programme 2021-2026 should demonstrate how their activities support these objectives. This should be set out in a supporting statement accompanying the bid submission and will form part of the assessment process.

- **Seeking to deliver homes to a realistic balance of development on Brownfield land (or remediation) sites.** Due to the profile of land in London, it is anticipated that most projects will be on previously developed land. Any unusual programmes or concerns from investment partners in relation to this requirement should be outlined to the GLA in a supporting statement accompanying the bid.
- **Actively engaging with local and small and medium sized enterprises (SMEs) in delivering new homes.** Diversifying the types of organisations that build new homes in London is a priority set out in the Mayor's London Housing Strategy and is shared by Government. Investment partners are asked to describe how they will focus their development programmes to support development by SMEs, for example, on small sites. For the purposes of assessing compliance with this objective, councils are considered a local enterprise or SME.
- **Working with smaller housing associations.** There are over 100 small or medium sized housing associations in London. For the purposes of assessing compliance with this strategic objective, the GLA defines a smaller or medium sized housing association as one that owns fewer than 7,500 homes in London and fewer than 25,000 homes nationally. For the purposes of assessment, an investment partner working with a London borough will be considered to be working with a smaller housing association. The GLA particularly encourages bids that demonstrate partnership working with Black, Asian and Minority Ethnic housing associations in development, service delivery or staff development.

- **Support skills and partnership working, particularly between housing associations and councils.** Investment partners bidding to the programme will be encouraged to partner with councils to upskill council delivery teams and support capacity building through formalised collaboration and partnership. Examples of formalised partnership arrangements could include engaging in two-way secondments or staff swaps between council staff and partner teams. Councils can demonstrate their activities will support this strategic objective by demonstrating a willingness to participate in formalised partnership arrangements such as two-way secondments.

Pet friendly homes

68. Londoners who live in the homes delivered through this programme are expected to benefit from flexible policies on pet ownership. The Mayor expects investment partners to manage all homes delivered through this programme in line with a presumption in favour of pet ownership for their residents.



Part two: Funding information

Sources of funding

69. The overall funding for the Affordable Homes Programme 2021-2026 is £4 billion and the GLA expects the funding in this programme to be used as capital grant to support affordable housing delivery. The programme is sub-divided into two key funding sources and the GLA will choose which fund best applies to bids that are taken forward to allocations stage.

Funding sources and delivery timeframes	
1	The Long-Term Strategic settlement consisting of £1bn funding for projects with starts on site from 1 April 2022 to 31 March 2026 and completions to 31 March 2029.
2	The General London Affordable Housing 2021-2026 settlement of £3bn funding for projects with starts on site from 1 April 2021 to 31 March 2026 and completions to 31 March 2028.

70. Projects funded from the Long-Term Strategic settlement will be subject to additional approvals from central Government, which the GLA will undertake with the Ministry of Housing, Communities and Local Government.

Negotiated grant rates

71. The GLA is introducing negotiated grant rates for all projects under this programme. Fixed grant rates will still be available to investment partners bidding and delivering homes under the Affordable Homes Programme 2016-2023.

Named sites and indicative proposals

72. The new programme is open to bids for named, known sites, as well as indicative bids for proposed sites that will be identified and acquired throughout the course of the programme. The GLA encourages bidders to submit proposals for deliverable, larger scale programmes and to use the indicative route to secure funding for longer-term pipeline development plans. Organisations that are not registered (unregistered bodies) with the Regulator of Social Housing are not eligible to apply for an indicative allocation.

73. Indicative bids will be assessed on the basis of average funding per unit levels requested of homes for each tenure within the bid. Successful bidders will be expected

to deliver homes approved under the indicative route at the average funding levels agreed for an indicative allocation.

74. The GLA will allow drawdown of funding from indicative allocations in the Affordable Homes Programme 2021-2026 where current contracts with the GLA have been fully profiled to named sites and programme delivery is on track. Investment partners with indicative proposals approved in the new programme will be eligible to drawdown funding for the purposes of land acquisition, subject to evidence that there is an agreement in place for the sale or lease of a site. This will be subject to GLA approval for drawdown.
75. Successful bids for named sites will be allocated and paid at the specific funding levels approved for each project.

Strategic partnerships

76. The Affordable Homes Programme 2021-2026 will include strategic partnerships, defined as organisations offering large scale delivery within the programme parameters. Larger programmes will be determined by the GLA based on a combination of bids submitted for named sites and bids for indicative proposals. Bidders are not required to specify in the bid whether they are seeking strategic partnership status, as this will be considered and offered by the GLA based on the volume of programme that is taken forward to approval.

Concurrent delivery with the Homes for Londoners: Affordable Homes Programme 2016-2023

77. The new Affordable Homes Programme 2021-2026 will operate alongside the existing Affordable Homes Programme 2016-2023. Overall, across the two programmes the GLA will work with partners to build 82,000 affordable homes. The Affordable Homes Programme 2016-2023 is open for continued bidding and further details setting out the policy requirements and bidding process are available within the [Funding Guide](#).
78. Investment partners are encouraged to submit bids for the current programme where projects start on site by 31 March 2023. In some instances, the GLA may request partners to consider transferring bids proposed for the Affordable Homes Programme 2021-2026 to the Affordable Homes Programme 2016-2023, where starts on site can be achieved early.
79. Projects proposed to be funded via retained Right to Buy receipts, or nil grant projects, should be submitted via the existing Affordable Homes Programme 2016-2023 route.

80. Investment partners with existing contracts with the GLA under the Affordable Homes Programme 2016-2023 will be expected to deliver those in full to 31 March 2023 and partners will not be permitted to rebid for existing allocations in the new programme.

Start on site

81. The Affordable Homes Programme 2021-2026 will include projects that deliver affordable homes in London which start on site between 1 April 2021 and 31 March 2026. A full definition of start on site is available in the GLA's [Affordable Housing Capital Funding Guide](#).

Recycled Capital Grant Funding

82. The use of the term 'grant' in this funding guidance includes Recycled Capital Grant Funding. Where Recycled Capital Grant Funding has previously been applied to a project, bidders will need to specify how much of this grant applies. Value for money assessments will be made on the basis of both Recycled Capital Grant Funding and new programme grant applied for on each project. Investment partners seeking to use significant levels of Recycled Capital Grant Funding on bids in the new programme should discuss these proposals with their GLA lead officer in advance of submitting bids for this programme.

Grant payments

83. For named sites, Registered Providers will be eligible to drawdown grant allocations of 40 per cent at land acquisition, 35 per cent at start on site and the remaining 25 per cent at completion. These payment proportions may be varied on some projects, subject to GLA agreement.

84. Unregistered bodies seeking grant for Shared Ownership projects will only be able to drawdown 100 per cent of the grant allocation on a project at completion stage.

85. Investment partners with indicative bids approved in the programme will be eligible for early drawdown of funds for site acquisitions agreed with the GLA.



Homes delivered without grant

86. The Affordable Homes Programme 2021-2026 will only include projects that are directly supported by grant funding. Investment partners delivering homes in a wider development programme using their own resources and without GLA grant will not be required to submit bids for those projects in the new programme but should continue to submit details of nil-grant projects in the Affordable Homes Programme 2016-2023.
87. Councils are not required to submit bids in the Affordable Homes Programme 2021-2026 for projects that will be funded via retained Right to Buy receipts. Details of homes built through retained Right to Buy receipts should be submitted through the current Affordable Homes Programme 2016-2023.
88. From April 2023 onwards, the GLA will require investment partners to submit information about starts on site and completions from projects delivered outside GLA programmes. This will be required on a quarterly basis and will feed into MHCLG's national statistics for affordable housing delivery.

Recoverable grant

89. The GLA is keen to explore opportunities for making recoverable grant investment available to bidders where these maximise affordable housing delivery, including proposals on mixed tenure projects or programmes to mitigate potential sales risks. Investment partners are encouraged to contact the GLA in instances where they would like to apply for recoverable grant on a project and these requests will be considered on a case-by-case basis.

Developer-led route

90. The Mayor introduced the developer-led route through the Homes for Londoners: Affordable Homes Programme 2016-2023. This provided an incentive to increase the level of affordable housing beyond that which is viable without subsidy on developer-led sites. Funding for this route is not permitted in the new programme. However, the Mayor is keen to continue to maximise affordable housing on new developments and the route will remain available on the terms outlined in the [Affordable Homes Programme 2016-2023 Funding Guidance](#) until March 2023.

Acquisitions

91. The Mayor will use the Affordable Homes Programme 2021-2026 to maximise the number of new homes in London and is eager to ensure funding results in net additionality. For this reason, the GLA will only fund a limited number of acquisitions of existing homes through this programme.

Major repairs

92. Works to ensure existing homes are habitable are not generally eligible for funding in this programme. Only supported and specialist housing bids will be eligible for funding to support repurposing or re-improving existing homes. The GLA may award funding in exceptional circumstances, in the case of almshouses for example, where the charity is unable to cover the cost of works itself.

Branding

93. In line with previous programmes, investment partners who receive GLA grant funding will be obliged to adhere to the Mayor's communications and branding requirements. These requirements include displaying Mayor of London and/or Homes for Londoners hoardings as specified by the GLA and relevant Government branding on all development sites funded by this programme.



Part three: How to bid

Submitting bids

94. All organisations proposing to submit bids for the Affordable Homes Programme 2021-2026 are requested to register their interest to the GLA by emailing:

AffordableHomes@london.gov.uk

95. The GLA will assign a lead GLA officer to each organisation and provide further details about the bidding process. When sending an email to register, bidders should provide the following information:

- The bidding organisation's name and address
- Current Registered Provider code (if you have one)
- Current GLA Open Project System (OPS) organisation code (if you have one)
- Name, email address and telephone number of your organisation's lead contact person to receive information regarding the Affordable Homes Programme 2021-2026 bidding process.

96. Bids for the Affordable Homes Programme 2021-2026 are expected to be submitted through GLA OPS. Bidders will be provided with further information about specific GLA OPS requirements when the system is open for bidding and, in advance of this, information will be made available to assist with assembling bidding information for project proposals.

97. Organisations not currently registered to use GLA OPS are advised to request access using the details provided at the following link:

<https://ops.london.gov.uk/#/home>.

Eligible organisations

98. The programme is open for bids from organisations seeking funding to develop affordable homes in London, including housing associations, local authorities, for-profit organisations, community-led organisations, developers and others. Organisations can bid either independently or as part of a consortium and will need to own the completed affordable homes in order to be eligible for grant. The landlord of all properties funded as Social Rent, London Living Rent or Affordable Rent must be registered with the Regulator of Social Housing.

Investment partner status

99. Organisations with projects approved for funding in the new programme must qualify as a GLA investment partner before they can receive grant. Organisations who are not existing GLA investment partners will need to apply for qualification. Further information about the GLA investment partner qualification process can be found on the GLA's website [here](#). Bidders that are not registered providers seeking to offer Shared Ownership will be required to undertake further due diligence in addition to the investment partner qualification process.

Timetable for bidding

100. The timetable for bidding under the Affordable Homes Programme 2021-2026 is set out as follows:

- Bidding programme launched: 24 November 2020
- GLA Open Project System open for bids: early February 2021
- Deadline for bid submission: close on 9 April 2021
- Allocations announced: June 2021.

Bids assessment

101. The GLA will consider the following criteria when assessing bids under the new programme. The assessment criteria will apply to bids for named sites and indicative proposals.

- Value for money
- Deliverability
- Strategic fit

102. Further information about each of these criteria is set out below.

(a) Value for Money

103. Bids for the new programme will be assessed on a case-by-case basis to consider the grant requirement for each proposal and value for money for the public purse. Bids will be considered based on costs associated with the project; contributions towards those costs; and the gap that requires grant to make the scheme viable for the project as a whole and for the grant levels requested for each tenure. The assessment process will prioritise projects that offer the best value for money in grant terms against the costs associated with the proposal, alongside meeting requirements for deliverability and ensuring that strategic priorities are maximised.

104. Bidders will be expected to demonstrate that they have maximised the use of other sources of funding and cross-subsidy applied towards the overall costs of the

projects, and that the levels of grant sought are justified for the size and complexity of the proposal. The GLA will ask bidders to submit details of total scheme costs and a breakdown of contributions towards those costs.

105. Total scheme costs will include the following and further details of these are set out in the GLA's [Affordable Housing Capital Funding Guide](#):

- Acquisition or land costs
- Development costs
- On-costs.

106. Contributions will include information related to:

- Other public subsidy
- Income from rents
- Income from shared ownership first sales
- Income from private sales
- Provider contributions
- Any other income contributing towards the total scheme costs.

107. Bidders submitting proposals for indicative allocations will be required to estimate costs and contributions for the proposed development programme and grant requirements by tenure. These will be assessed for value for money and - for successful indicative bids - monitored through the course of the programme as sites are acquired and profiled to named projects.

108. To maintain a strong focus on the management of costs throughout the programme period, providers are required to work with the GLA on an open book basis, sharing cost data on specific projects and, on a confidential basis, viability assessments for projects where those are required to clarify grant levels requested on specific bids.

(b) Deliverability

109. Only bids for projects that start on site between 1 April 2021 and 31 March 2026, and complete by 31 March 2029 will be considered under this programme. The GLA will assess certainty of delivery against forecast milestones submitted as part of the bid. This will take into account pre-development, planning status, land ownership status, start on site and completion dates in line with the size and complexity of the project.

110. The assessment process will take into consideration a provider's affordable housing delivery track record and the volume of remaining programme still due to be achieved under existing contracts with the GLA. Providers with existing allocations with the GLA are expected to prioritise delivery of those projects to the agreed milestones.

111. Information submitted by providers will be made available to the Regulator of Social Housing. The Regulator will provide advice to the GLA on whether any proposal to award grant to a registered provider will have an adverse impact on the Regulator's published judgement on the organisation's Governance and Financial Viability rating. Registered providers may be asked to provide additional information to the Regulator to inform the assessment as necessary.
112. By bidding for grant through this programme, providers are confirming their consent for all appropriate information to be shared with relevant boroughs, the Regulator of Social Housing and the Ministry of Housing, Communities and Local Government.

(c) Strategic fit

113. Part One of this prospectus sets out the key strategic priorities and requirements for the programme. Bids will be assessed on the basis of best fit with those priorities. All bids will be assessed on an individual basis including consideration of the following areas:
- The balance of programme for rent and home ownership with an expectation that, where possible, partners' programme of bids will reflect around half for home ownership
 - A programme of bids that include, where possible, some provision of specialist and supported housing
 - The use of Modern Methods of Constructions on proposed bids
 - Compliance with the Mayor's design criteria on proposed bids
 - How the following national objectives are demonstrated by bidders:
 - Seeking to deliver homes to a realistic balance of development on Brownfield land (or remediation) sites
 - Actively engaging with local and small and medium sized enterprises (SMEs) in delivering new homes
 - Working with smaller housing associations
 - Supporting skills and partnerships working, particularly between housing associations and councils.
114. Finally, the GLA will require that all bidders meet the additional programme requirements set out in Part One of this document.

Part four: Contract and funding agreements

Contracts and programme management

115. Investment partners will need to enter into a standard form contract with the GLA to secure grant through this programme. Contracts may vary slightly depending on the investment partner and products being funded, but ultimately all funding agreements will retain the key provisions of the standard form contract. Template contracts for standard delivery agreements will be published on the GLA website in due course.
116. Completed contracts will include the agreed delivery milestones for the projects that the GLA has committed to fund. The GLA will monitor performance of investment partners against these delivery milestones on an ongoing basis. The GLA will be flexible when issues with programme delivery are flagged at an early stage, but will reserve the right to review a provider's grant allocation where a partner cannot deliver a project or replace it with an equivalent project where indicative allocations are no longer achievable.

State Aid compliance

117. In this prospectus 'State Aid' and 'State Aid rules' mean both state aid which applies before 11:00PM on 31st December 2020 and any amended or replacement rules concerning public funding or subsidies which may be introduced after the end of the Brexit transition period.
118. Investment partners need to be aware that new rules may not refer to 'State Aid' or deal with matters or laws concerning public sector fiduciary duties, proportionate subsidies or otherwise regulate how the GLA is permitted to provide public support for this programme.
119. While the GLA has designed this programme to comply with the State Aid rules, which apply in 2020 investment partners also have a responsibility to ensure they are not over-compensated from the point of view of the State Aid rules.
120. As it is highly likely that the State Aid rules will change, the GLA reserves the right to amend the programme (including funding requirements and reporting) to ensure that it will continue to remain legally compliant.
121. While the GLA will seek to notify investment partners of relevant changes, investment partners will also be required to keep themselves updated to ensure they remain compliant.

122. The GLA will require investment partners to make returns about the actual costs incurred for both public accountability and State Aid compliance. The GLA is designing a process that will minimise costs to it and providers. This process will include the submission (and certification) of actual costs incurred, and a process to ensure a more detailed review of costs for each grant recipient at least once during the programme. More information will be supplied about the details of this process once it has been finalised.
123. If any providers are found to have been over-compensated, they will be required to repay any over-compensation to the GLA.

Grant recovery

124. The GLA reserves the right to recover grant in line with rules published in the Recovery of Capital Grant Determination model in the GLA's [Affordable Housing Capital Funding Guide](#).

Compliance audit

125. All investment partners will be subject to the GLA's compliance audit process, which ensures that the GLA's policies, funding conditions and procedures are followed. Projects not in receipt of GLA grant, inclusive of Recycled Capital Grant Funding, will not be subject to compliance audit.



Appendix 1: Design standards – Minimum space standards for new dwellings

Number of bedrooms	Number of bed spaces	Minimum GIA (m ²)			Built-in storage (m ²)
		1 storey dwellings	2 storey dwellings	3 storey dwellings	
1b	1p	39 (37)*			1.0
	2p	50	58		1.5
2b	3p	61	70		2.0
	4p	70	79		
3b	4p	74	84	90	2.5
	5p	86	93	99	
	6p	95	102	108	
4b	5p	90	97	103	3.0
	6p	99	106	112	
	7p	108	115	121	
	8p	117	124	130	
5b	6p	103	110	116	3.5
	7p	112	119	125	
	8p	121	128	134	
6b	7p	116	123	129	4.0

- * Where a one-person dwelling has a shower room instead of a bathroom, the floor area may be reduced from 39m² to 37m², as shown bracketed.
- The Gross Internal Area of a dwelling is defined as the total floor space measured between the internal faces of perimeter walls^[1] that enclose a dwelling. This includes partitions, structural elements, cupboards, ducts, flights of stairs and voids above stairs. GIA should be measured and denoted in square metres (m²).

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<p>Hackney Housing Company Limited - Annual Report of Directors</p> <p>Key Decision No. FCR S044</p>	
<p>CABINET MEETING DATE (2021/22)</p> <p>28 February 2022</p>	<p>CLASSIFICATION:</p> <p>Open</p>
<p>WARD(S) AFFECTED</p> <p>All Wards</p>	
<p>CABINET MEMBER</p> <p>Mayor Philip Glanville</p>	
<p>KEY DECISION</p> <p>Yes</p> <p>REASON</p> <p>Affects two or more wards.</p>	
<p>GROUP DIRECTOR</p> <p>Ian Williams, Group Director Finance and Corporate Resources</p>	

1. MAYOR'S INTRODUCTION

- 1.1 Renters in Hackney are on the frontline of Hackney's housing crisis, facing a lack of regulation that too often means unpredictable rents, insecure tenancies and the difficulty in finding a good, stable and well-managed place to live. Increasingly they also face an affordability crisis that started long before the pandemic and presents renewed challenges as the Hackney rental market starts to recover, inflation and cost of living pressures bite and given there is no imminent sign of the long hailed legislative end to Section 21 evictions.
- 1.2 Our BetterRenting campaign is not just fighting for changes in law to offer renters greater stability, affordability and protection. We're also directly intervening by taking tougher action against rogue landlords and demonstrating what a good landlord looks like through our own Hackney Living Rent Homes.
- 1.3 Hackney Living Rent offers the standards and protections that we think should be standard in the private rented sector, including longer tenancies, no unfair evictions, annual rent increase limited to CPI+1%, and deposits capped at three weeks' rent.
- 1.4 Most importantly, it offers genuine affordability in a sector where rents have risen dramatically quicker than incomes. By setting rents at a third of local incomes, Hackney Living Rent gives local people who are unlikely to qualify for social housing but unable to buy outright the opportunity to rent a home that won't compromise their living standards or prevent them saving for a deposit. The first Hackney Living Rent homes were let at Bridge House in July 2020 with more at Gooch House in the spring.
- 1.5 The housing companies we have set up give the council a mechanism for addressing these issues, enabling us to deliver on our commitments that are set out in Hackney's Housing Strategy 2017-22 and our 2018 Manifesto. These companies will allow us to continue to deliver on our ambition to respond to the multiple challenges faced by those impacted by the housing crisis, specifically in this case those that are finding it harder and harder to rent in the private sector in Hackney.
- 1.6 This Directors' annual report follows the previous report in March 2020 and recommences the annual reporting of companies to Cabinet. The report and the companies' accounts set out the activities of the companies for the financial year 2020/21 where the company acquired and let the first Hackney Living Rent properties. The report also identifies a further 16 Hackney Living Rent properties at Gooch House that will be let later in the year. The request for the working capital loan is in line with the previous approved business plans for the company.

2. GROUP DIRECTOR'S INTRODUCTION

- 2.1 In January 2018, Cabinet agreed to the creation of a Group of three wholly owned Local Authority Housing Companies for the purpose of purchasing properties delivered by the Council's regeneration programmes.
- 2.2 The companies have been set up as the Council is not allowed to directly own properties that are let at Living or other private rents. The companies do not develop the housing and therefore are not exposed to the risk of the construction and house price markets. This significantly reduces the financial risk to the companies.
- 2.3 In August 2019 the Hackney Private Rented Sector (PRS) Housing Company Ltd acquired the leasehold interest (250 year lease) in 25 properties at Hoxton Press. This development was part of the London Borough of Hackney (LBH) Regeneration programme developed by Anthology at Colville. In July 2021 the company also took a short term lease (7 years) of 3 flats at Church Street, Stoke Newington, developed by the Council's Strategic Property Services.
- 2.4 In July 2020 the Hackney Living Rent (HLR) Housing Company Ltd acquired eight properties from the Council's Bridge House development. The Company is discussing the acquisition of properties being refurbished at Gooch House for Hackney Living Rent.
- 2.5 The companies are looking and will seek to identify other opportunities within the Council's development portfolio to provide the surpluses to fund more HLR properties throughout the borough.

3. RECOMMENDATION(S)

Cabinet is recommended to:

- 3.1. Note the Directors' annual report in Appendix 1 and the Companies' Statement of Accounts 2020/21 in Appendix 2.**
- 3.2 To approve the loan of £1m to Hackney PRS Housing Company on commercial terms consistent with the original loan agreement.**

4. REASONS FOR DECISION

- 4.1 The Council is the sole company shareholder and the activities and plans proposed by the Directors should be based on the shareholders objectives and priorities.
- 4.2 The company requires the approval of a loan from the Council

5. DETAILS OF ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

- 5.1. A requirement of the housing company is that the activity and plans are taken to Cabinet to be approved as Cabinet exercises the main shareholder functions.

6. BACKGROUND

6.1 Policy Context

The Housing Strategy adopted by the Council in January 2018 reinforces the priority of building high quality, well-designed, and genuinely affordable new homes and includes an action to set up a housing company, to help provide new Hackney Living Rent homes – homes that are genuinely affordable to those on medium incomes with rent levels targeted to be at one third of average local incomes.

As stated in Hackney’s inclusive economy strategy 2019-25, “Building an inclusive economy is not just about economic opportunity, it is also about people feeling they belong in the borough and feel safe and included here”. With the provision of Living Rent homes in the borough through the Housing Company, we can ensure that those living and/or working in the borough are able to keep contributing to the betterment of Hackney and given fairer access to the economic opportunities in the borough.

6.2 Equality Impact Assessment

The Housing Company will facilitate an increase in the range of tenures and housing opportunities that the Council can provide and consequently the range of people who could benefit. In particular, the delivery of living rent properties will provide high quality housing to those on low to middle incomes who are not able to afford the private rented market and do not qualify for social housing.

6.3 Sustainability

None of the recommendations in this report would have a direct impact on the physical or social environment.

6.4 Consultations

The Business Plans were developed in consultation with the Hackney Housing Company Board of Directors and the shareholder.

6.5 Risk Assessment

Each company’s business plan includes a detailed risk assessment. The main potential risks facing the companies are financial. The risks are assessed

annually for the Statement of Accounts to ensure they are a going concern.

7. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

7.1 There is no direct financial impact of the Annual Report of Directors and the companies' accounts, which will be consolidated into the Council's financial statement. The report and accounts demonstrated the companies are a going concern and therefore remain a viable business.

7.2 The request of £1m working capital loan is required to fund interest costs, paid to the Council, until the company is able to generate surpluses from the appreciation of property values over the medium term. Any loans and equity subject to approval by the Group Director of Finance and Corporate Resources before submitting to Cabinet for Shareholder approval.

8. VAT Implications on Land & Property Transactions

8.1 The housing companies are not VAT registered and so there are no VAT implications. VAT will be charged on any transaction between the Council and the company, but this is not recoverable by the companies.

9. COMMENTS OF THE DIRECTOR OF LEGAL & GOVERNANCE SERVICES

9.1 This report recommends Cabinet approve the three business plans for each of the three housing companies and asks it to note the annual directors' report.

9.2 As the sole shareholder, the Council has the ultimate control over the operations of the Company. The day to day and purely operational decisions of the Housing Company shareholder is undertaken by an "intelligent shareholder" role, performed by the Group Director of Finance and Corporate Resources, but any new or significant changes in the operations of the Company should be agreed by Cabinet. This is in accord with the Mayor's Scheme of Delegation dated January 2017 which states that, "...the Council's representation on ...companies...where the representation relates to an executive responsibility or function" shall be undertaken by the Mayor and Cabinet.

9.3 It will be important to ensure that any financial arrangements between any of the three individual companies and the Council are compliant with legal requirements regarding subsidy control. Subsidy control provisions replaced the previous State aid regime in 2021. The Council is seeking external legal advice on the compliance with such regime in respect of social housing and the arrangements between Hackney HLR Housing Company Limited and the other companies. The Council will ensure that any arrangements are compliant with such provisions.

APPENDICES

Appendix 1 - Annual report of Directors 2021

Appendix 2 - Statement of Account for Hackney Housing Company Limited, Hackney PRS Housing Company Limited, Hackney HLR Housing Company Limited

CONFIDENTIAL

N/A

BACKGROUND PAPERS

In accordance with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) England Regulations 2012 publication of Background Papers used in the preparation of reports is required

None

Report Author	Simon Theobald - Tel: 020 8356 4304 Head of Finance - Neighbourhoods and Housing simon.theobald@hackney.gov.uk
Comments for the Group Director of Finance and Corporate Resources	Simon Theobald - Tel: 020 8356 4304 Head of Finance - Neighbourhoods and Housing simon.theobald@hackney.gov.uk
Comments for the Director of Legal and Governance Services	Georgia Lazari - Tel: 020 8356 1369 Team Leader (Places) georgia.lazari@hackney.gov.uk

Hackney Housing Company Limited Annual Report of Directors 2020-21

Directors

Dawn Carter-McDonald (Appointed 12th June 2019-resigned 31st March 2021)

Simon Theobald (Appointed 12th June 2019)

James Goddard (appointed 24th July 2019)

Stephen Haynes (appointed 11th November 2021)

Secretary

Zoe Collins (Appointed 21st December 2018 - resigned 4th March 2021)

Andy Spragg (Appointed 11th November 2021)

Registered Address

Hackney Town Hall, Mare Street, Hackney, London, United Kingdom, E8 1EA

Company Registration Numbers

Hackney Housing Company Limited (No.11738936)

Hackney PRS Housing Company Limited (No.11750933)

Hackney HLR Company Limited (No.11750958)

Nominated Accountants

BDO LLP

Independent Auditors

Mazars LLP

Nominated Solicitors

LBH Legal and Governance Services

Pinsent Masons LLP

Group Financial highlights

Year end 31st March 2021

Asset Value £19.0m Investment Properties (Market Value £21.9m)

Borrowing £13.7m

Equity £5.8m

Turnover £0.689m

Operational Highlights

Acquisition and letting of 8 Hackney Living Rent properties at Burdock Court (Bridge House) by LBH Housing management

Letting of 25 properties at Hoxton Press by Regent Property Management
Lease and letting of 3 properties at Church Street, Stoke Newington by Regent
Property Management
Better Renting principles included in all tenancy agreement

Board of Directors' Report

Overview

The Hackney Housing Company Group comprises of 3 companies, the parent company, Hackney Housing Company Limited with 2 operational subsidiaries Hackney PRS Company Limited (PRS Company) and Hackney HLR Company Limited (HLR Company). The PRS Company became operational in August 2019 on the acquisition of properties at Hoxton Press. The HLR Company became operational in July 2020 with the acquisition of 8 properties at Burdock Court

The PRS company acquisitions were funded by a loan and equity from London Borough of Hackney on terms agreed and validated as commercial and not considered State Aid.

The HLR company acquisitions were funded by a loan and equity from London Borough of Hackney on terms agreed as not commercial as the operations and purpose of the company are considered State Aid exempt.

PRS Company

The private rental market has had a difficult year with the impact of Covid. The Better Renting principles allowed tenants that were facing financial hardship or where their work arrangements had changed, to terminate their tenancy agreement with 1 months notice. Of the original 25 tenants, only two were in occupation at March 21, but these have now vacated their properties. The properties have been relet with minimal void periods, but the rental values have been substantially lower. Monthly rental income has reduced by around 20% and there are additional costs when new tenancies commence. There are signs that rental offers are increasing, but with 3 year tenancy agreements it will be some time before the market increases are reflected in the rental income for the company.

Regent Management Company has provided an excellent service to the company, and worked hard to find new tenants for vacated flats. Regent have managed the tenancies and dealt with any management issues that arise. There have been minor issues with the heating and furniture, which they have resolved following approval from Directors.

The Company also had an issue with a tenant who removed all the furnishings at the end of their tenancies and so legal proceedings were started to recover the cost, but the tenant eventually reimbursed the costs to replace the items. There are also 2 tenants who ended tenancies with arrears, which are being chased and recovered.

The PRS company makes profit from the appreciation (uplift) in property values over time. The annual operational cost included in the business plan showed a deficit in the first 10-12 years then, generating operating surplus as rental values increase. The reduction in rental value in 2020 will extend the deficit period to 15-20 year, depending on the rental market growth but in all scenarios this working capital loan is repaid within the 30 year business plan and the Company will generate an operational profit with additional capital surplus generated from the uplift the property values.

As a result of the initial operational deficit, there is a requirement for a working capital loan from the Council, mainly to pay the loan interest charges to the Council. Therefore it is requested that the Council approves a £1m working Capital Loan on the same commercial terms as the original asset loan. Further loans will be required, but this will be assessed over the business plan and the total value of loan and equity should not exceed the market value of the properties.

The most recent market valuation of the properties was £17.5m, in excess of the borrowing and equity. This valuation has reduced from last year's valuation as the first owner premium has been removed. The sale agreement prevents sales in the first 5 years and so it is expected that the valuation will recover over the remaining period to generate a significant profit.

HLR Company

The HLR company acquired 8 properties as part of the Council's regeneration scheme. The 8 tenants were selected from an independent draw of over 400 applications for these properties. The successful tenant moved in during August 2020. The first year of operations showed a small loss but the properties remain viable in the longer term.

Outlook

During the pandemic, the housing market stabilised, but with less demand and additional properties in the rental market, rental values have fallen. The PRS properties require a higher standard of service and so the use of a letting agent has been invaluable. For the HLR properties at Bridge House, the company appointed the Council's Housing Management Service to provide the letting and property management services alongside the New Build management arrangements. The

company will look to support the development of the Council's letting services, but the quality and cost will need to be monitored and reviewed.

Recently, the PRS company has signed a short term lease (7years) with The Council's Strategic Property Services for 3 flats at Church Street, Stoke Newington for use as private renting. These properties have been furnished and are let. The Council will review the options for these properties at the end of the lease.

The HLR company will be considering the acquisition of the 16 refurbished units at Gooch House for letting in 2022.

There are many opportunities to acquire and let properties outside of the approved remit of the Housing Company. During the year the board will consider alongside discussion with the Council (Shareholder) how it can support the delivery of alternative forms of affordable housing in the borough.

Hackney Housing Company Limited

Annual Report and Financial Statements

Year Ended

31 March 2021

Company Number 11738936

Hackney Housing Company Limited

Company Information

Directors	J Goddard S Theobald S A Haynes
Company secretary	A Spragg
Registered number	11738936
Registered office	Hackney Town Hall Mare Street Hackney London E8 1EA
Independent auditors	Mazars LLP The Pinnacle 160 Midsummer Boulevard Milton Keynes MK9 1BP

Hackney Housing Company Limited

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Statement of Financial Position	8
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Hackney Housing Company Limited

Directors' Report For the Year Ended 31 March 2021

The directors present their report and the financial statements for the year ended 31 March 2021.

The results presented are for the period from 1 April 2020 to 31 March 2021. The prior period results are for the period from 21 December 2018 to 31 March 2020. Accordingly the comparative amounts presented in the financial statements are not entirely comparable.

Directors' responsibilities statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The company's principal activity is a holding company for investments in two subsidiaries, Hackney PRS Housing Company Limited and Hackney HLR Housing Company Limited.

Directors

The directors who served during the year were:

D A Carter-McDonald (resigned 31 March 2021)
J Goddard
S Theobald

Going concern

The world is faced with dealing with a global pandemic and adapting to a change in normal life, operations and business. The company recognises this has changed the outlook of the letting market and could impact property values and will continue to monitor this in relation to the company's activities. As life gradually returns to normal the rental market has shown signs of recovering.

Hackney Housing Company Limited

Directors' Report (continued) For the Year Ended 31 March 2021

Disclosure of information to auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the company since the year end.

Auditors

The auditors, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

S Theobald
Director

Date:

Hackney Housing Company Limited

Independent Auditor's Report to the members of Hackney Housing Company Limited

Opinion

We have audited the financial statements of Hackney Housing Company Limited (the 'company') for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Hackney Housing Company Limited

Independent Auditor's Report to the members of Hackney Housing Company Limited (continued)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.

Hackney Housing Company Limited

Independent Auditor's Report to the members of Hackney Housing Company Limited (continued)

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, anti-bribery, corruption and fraud, and money laundering, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to loss reserves, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

Hackney Housing Company Limited

Independent Auditor's Report to the members of Hackney Housing Company Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Vincent Marke (Senior Statutory Auditor)

For and on behalf of Mazars LLP, Chartered Accountants and Statutory Auditor

Milton Keynes

United Kingdom

Date:

Hackney Housing Company Limited

Statement of Comprehensive Income For the Year Ended 31 March 2021

		Year ended 31 March 2021 £	15 months ended 31 March 2020 £
Administrative expenses		(11,991)	(9,900)
Operating loss	4	(11,991)	(9,900)
Interest payable and similar expenses		(617)	-
Loss before tax	4	(12,608)	(9,900)
Tax on loss	6	-	-
Loss for the financial period		(12,608)	(9,900)

There was no other comprehensive income for the year ended 31 March 2021 (15 months ended 31 March 2020 - £Nil).

The notes on pages 10 to 16 form part of these financial statements.

Hackney Housing Company Limited

Registered number:11738936

Statement of Financial Position As at 31 March 2021

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Investments	7		5,800,002		4,800,002
			<u>5,800,002</u>		<u>4,800,002</u>
Current assets					
Debtors: amounts falling due within one year	8	1		1	
Cash at bank and in hand		14,850		-	
		<u>14,851</u>		<u>1</u>	
Current liabilities					
Creditors: amounts falling due within one year	9	(37,360)		(9,902)	
			<u>(22,509)</u>		<u>(9,901)</u>
Net current liabilities					
			<u>5,777,493</u>		<u>4,790,101</u>
Capital and reserves					
Called up share capital	10		1		1
Capital contribution reserve	11		5,800,000		4,800,000
Profit and loss account	11		(22,508)		(9,900)
			<u>5,777,493</u>		<u>4,790,101</u>

The company's financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

S Theobald
Director

Date:

The notes on pages 10 to 16 form part of these financial statements.

Hackney Housing Company Limited

Statement of Changes in Equity For the Year Ended 31 March 2021

	Called up share capital £	Capital contribution reserve £	Profit and loss account £	Total equity £
At 1 April 2020	1	4,800,000	(9,900)	4,790,101
Comprehensive income for the year				
Loss for the year	-	-	(12,608)	(12,608)
Total comprehensive income for the year	-	-	(12,608)	(12,608)
Contributions by and distributions to owners				
Capital contribution	-	1,000,000	-	1,000,000
Total transactions with owners	-	1,000,000	-	1,000,000
At 31 March 2021	1	5,800,000	(22,508)	5,777,493

Statement of Changes in Equity For the Period Ended 31 March 2020

	Called up share capital £	Capital contribution reserve £	Profit and loss account £	Total equity £
At 21 December 2018	-	-	-	-
Comprehensive income for the period				
Loss for the period	-	-	(9,900)	(9,900)
Total comprehensive income for the period	-	-	(9,900)	(9,900)
Contributions by and distributions to owners				
Shares issued during the period	1	-	-	1
Capital contribution	-	4,800,000	-	4,800,000
Total transactions with owners	1	4,800,000	-	4,800,001
At 31 March 2020	1	4,800,000	(9,900)	4,790,101

The notes on pages 10 to 16 form part of these financial statements.

Hackney Housing Company Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

1. General information

Hackney Housing Company Limited is a private company limited by shares incorporated in England and Wales under the Companies Act. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are given in the directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

2.3 Exemption from preparing consolidated financial statements

The company is a parent company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

2.4 Impact of new international reporting standards, amendments and interpretations

There were a number of narrow scope amendments to existing standards which were effective from 1 April 2020. None of these had a material impact on the company.

Hackney Housing Company Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

2. Accounting policies (continued)

2.5 Going concern

During the COVID-19 pandemic the company's subsidiary, Hackney PRS Housing Company Limited, had a high level of tenancy turnover and a reduction in income. As the world recovers from the pandemic and returns to normal life, operations and business the lettings business has stabilised with reduced turnover and higher levels of rent being paid on new lettings. There continues to be demand for the properties and they have all been re-let, therefore the company, and its subsidiary, remain viable and going concerns.

2.6 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 Financial assets

The company classifies its financial assets into one category, based on the purpose for which the asset was acquired. The company has not classified any of its financial assets as held to maturity. The company's accounting policy for this category is as follows:

Trade and other receivables

Trade and other receivables are initially measured at transaction price and subsequently held at cost, less any impairment.

Hackney Housing Company Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

2. Accounting policies (continued)

2.9 Financial liabilities

The company classifies its financial liabilities into one category, the company's accounting policy for this category is as follows:

Trade and other payables

Trade and other payables are initially recognised at price, being fair value of the consideration paid and subsequently carried at amortised cost using the effective interest method.

2.10 Share capital

Financial instruments issued by the company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The company's ordinary shares are classified as equity instruments.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The company has not made any significant judgements when applying the accounting policies.

The estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates and assumptions

- Impairment of fixed asset investments

Investments in subsidiaries are measured at cost less accumulated impairment. Factors taken into consideration when considering whether there are indicators of impairment include the economic viability and expected future financial performance of the subsidiary undertakings.

4. Operating loss

The operating loss is stated after charging:

	Year ended 31 March 2021 £	15 months ended 31 March 2020 £
Fees payable to the company's auditor for the audit of the company's annual financial statements	7,250	7,000

Hackney Housing Company Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

5. Employees

The company has no employees other than the directors, who did not receive any remuneration (2020 - £Nil).

6. Taxation

	Year ended 31 March 2021 £	15 months ended 31 March 2020 £
Current tax		
Current tax on loss for the year/period	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	-	-
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on loss on ordinary activities	<u>-</u>	<u>-</u>

Factors affecting tax charge for the year/period

The tax assessed for the year/period is higher than (15 months ended 31 March 2020 - higher than) the standard rate of corporation tax in the UK of 19% (15 months ended 31 March 2020 - 19%). The differences are explained below:

	Year ended 31 March 2021 £	15 months ended 31 March 2020 £
Loss on ordinary activities before tax	<u>(12,608)</u>	<u>(9,900)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	(2,396)	(1,881)
Effects of:		
Unrelieved tax losses carried forward	2,396	1,881
Total tax charge for the year/period	<u>-</u>	<u>-</u>

Hackney Housing Company Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

6. Taxation (continued)

Factors that may affect future tax charges

At 31 March 2021 the company has taxable losses of £21,891 (2020 - £9,900) available for offset against future taxable profits. No deferred tax asset has been recognised in the financial statements as there is insufficient persuasive and reliable evidence that the losses will be utilised in the foreseeable future.

The March 2021 Budget announced an increase to the main rate of corporation tax to 25% from April 2023. This rate has not been substantively enacted at the balance sheet date. As a result the unrecognised deferred tax as at 31 March 2021 is measured at 19%.

7. Fixed asset investments

	Investments in subsidiary companies £
Cost and net book value	
At 1 April 2020	4,800,002
Additions	1,000,000
At 31 March 2021	<u>5,800,002</u>

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding
Hackney PRS Housing Company Limited	Ordinary	100%
Hackney HLR Housing Company Limited	Ordinary	100%

On 22 July 2020 the company made a capital contribution of £1,000,000 to Hackney HLR Housing Company Limited.

The registered office address of both subsidiaries is Hackney Town Hall, Mare Street, Hackney, London, E8 1EA.

Hackney Housing Company Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

8. Debtors

	2021 £	2020 £
Due within one year		
Called up share capital not paid	1	1

9. Creditors: Amounts falling due within one year

	2021 £	2020 £
Amounts owed to group undertakings	26,380	2
Accruals	10,980	9,900
	<u>37,360</u>	<u>9,902</u>

10. Share capital

	2021 £	2020 £
Authorised, issued and unpaid		
1 Ordinary share of £1	1	1

The ordinary share has no restrictions on the receipt of dividends or repayment of capital.

11. Reserves

The company's reserves are as follows:

Share capital

Nominal value of share capital subscribed for.

Capital contribution reserve

An accumulation of the injection of capital into the company without any obligation for the company to repay it or to do anything in consideration for receiving it.

Profit and loss account

All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

Hackney Housing Company Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

12. Controlling party

The company is a 100% subsidiary of the London Borough of Hackney which is the company's ultimate parent.

The largest and smallest group in which the results of the company are consolidated is that headed by the London Borough of Hackney, whose principal place of business is 1 Hillman Street, London, E8 1DY. The consolidated accounts of the London Borough of Hackney are available to the public and may be obtained from <https://hackney.gov.uk/>. No other group accounts include the results of the company.

The directors consider there to be no ultimate controlling party.

**Hackney HLR Housing Company
Limited**

Annual Report and Financial Statements

Year Ended

31 March 2021

Company Number 11750958

Hackney HLR Housing Company Limited

Company Information

Directors	J Goddard S Theobald S A Haynes
Company secretary	A Spragg
Registered number	11750958
Registered office	Hackney Town Hall Mare Street Hackney London E8 1EA
Independent auditors	Mazars LLP The Pinnacle 160 Midsummer Boulevard Milton Keynes MK9 1BP

Hackney HLR Housing Company Limited

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Hackney HLR Housing Company Limited

Directors' Report For the Year Ended 31 March 2021

The directors present their report and the financial statements for the year ended 31 March 2021.

The results presented are for the period from 1 April 2020 to 31 March 2021. The prior period results are for the period from 4 January 2019 to 31 March 2020. Accordingly the comparative amounts presented in the financial statements are not entirely comparable.

Directors' responsibilities statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The company's principal activity is the provision of affordable housing.

Directors

The directors who served during the year were:

D A Carter-McDonald (resigned 31 March 2021)
J Goddard
S Theobald

Going concern

The world is faced with dealing with a global pandemic and adapting to a change in normal life, operations and business. The company recognises this has changed the outlook of the letting market and could impact property values and will continue to monitor this in relation to the company's activities. As life gradually returns to normal the rental market has shown signs of recovering.

Hackney HLR Housing Company Limited

Directors' Report (continued) For the Year Ended 31 March 2021

Disclosure of information to auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the company since the year end.

Auditors

The auditors, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

S Theobald
Director

Date:

Hackney HLR Housing Company Limited

Independent Auditor's Report to the Members of Hackney HLR Housing Company Limited

Opinion

We have audited the financial statements of Hackney HLR Housing Company Limited (the 'company') for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Hackney HLR Housing Company Limited

Independent Auditor's Report to the Members of Hackney HLR Housing Company Limited (continued)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.

Hackney HLR Housing Company Limited

Independent Auditor's Report to the Members of Hackney HLR Housing Company Limited (continued)

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, anti-bribery, corruption and fraud, and money laundering, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to loss reserves, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

Hackney HLR Housing Company Limited

Independent Auditor's Report to the Members of Hackney HLR Housing Company Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Vincent Marke (Senior Statutory Auditor)

For and on behalf of Mazars LLP, Chartered Accountants and Statutory Auditor

Milton Keynes

United Kingdom

Date:

Hackney HLR Housing Company Limited

Statement of Comprehensive Income For the Year Ended 31 March 2021

	Note	Year ended 31 March 2021 £	Unaudited 15 months ended 31 March 2020 £
Turnover		57,969	-
Cost of sales		(18,789)	-
Gross profit		39,180	-
Administrative expenses		(52,410)	-
Operating loss	4	(13,230)	-
Interest receivable and similar income		5	-
Interest payable and expenses	6	(34,932)	-
Loss before tax		(48,157)	-
Tax on loss	7	-	-
Loss for the financial year/period		(48,157)	-

There was no other comprehensive income for the year ended 31 March 2021 (15 months ended 31 March 2020 - £Nil).

The notes on pages 10 to 19 form part of these financial statements.

Hackney HLR Housing Company Limited

Registered number:11750958

Statement of Financial Position As at 31 March 2021

	Note	2021 £	2021 £	Unaudited 2020 £	Unaudited 2020 £
Fixed assets					
Investment property	8		3,346,000		-
			<u>3,346,000</u>		<u>-</u>
Current assets					
Debtors: amounts falling due after more than one year	9	5,173		-	
Debtors: amounts falling due within one year	9	27,921		-	
Cash at bank and in hand		184,598		1	
		<u>217,692</u>		<u>1</u>	
Current liabilities					
Creditors: amounts falling due within one year	10	(106,675)		-	
		<u>111,017</u>		<u>1</u>	
Net current assets					
			<u>3,457,017</u>		<u>1</u>
Total assets less current liabilities					
Non-current liabilities					
Creditors: amounts falling due after more than one year	11	(2,505,173)		-	
		<u>951,844</u>		<u>1</u>	
Net assets					
Capital and reserves					
Called up share capital	12		1		1
Capital contribution reserve	13		1,000,000		-
Profit and loss account	13		(48,157)		-
			<u>951,844</u>		<u>1</u>

The company's financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

S Theobald
Director

Date:

The notes on pages 10 to 19 form part of these financial statements.

Hackney HLR Housing Company Limited

Statement of Changes in Equity For the Year Ended 31 March 2021

	Called up share capital	Capital contribution reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2020	1	-	-	1
Comprehensive income for the year				
Loss for the year	-	-	(48,157)	(48,157)
Total comprehensive income for the year	-	-	(48,157)	(48,157)
Contributions by and distributions to owners				
Capital contribution	-	1,000,000	-	1,000,000
Total transactions with owners	-	1,000,000	-	1,000,000
At 31 March 2021	1	1,000,000	(48,157)	951,844

Statement of Changes in Equity For the Period Ended 31 March 2020

(Unaudited)

	Called up share capital	Total equity
	£	£
At 4 January 2019	-	-
Contributions by and distributions to owners		
Shares issued during the period	1	1
Total transactions with owners	1	1
At 31 March 2020	1	1

The notes on pages 10 to 19 form part of these financial statements.

Hackney HLR Housing Company Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

1. General information

Hackney HLR Housing Company Limited is a private company limited by shares incorporated in England and Wales under the Companies Act. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are given in the directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

2.3 Impact of new international reporting standards, amendments and interpretations

There were a number of narrow scope amendments to existing standards which were effective from 1 April 2020. None of these had a material impact on the company.

Hackney HLR Housing Company Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

2. Accounting policies (continued)

2.4 Going concern

The company commenced operations during the pandemic and due to the demand for affordable housing, there was a high level of demand for these properties. The pandemic has had no significant impact on the affordable housing market and therefore the company remains viable and a going concern.

2.5 Turnover

Turnover represents rental income from investment properties. It is recognised to the extent that it is probable that economic benefits will flow to the company and revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding value added tax and other sales taxes. The company is not VAT registered. Turnover is recognised on a straight line basis over the term of the leases.

2.6 Leased assets: the company as lessor

Rental income from operating leases is credited to the statement of comprehensive income on a straight line basis over the term of the relevant lease.

Risk management

The company has comprehensive landlord insurance for the properties in the case of damage or destruction. The greatest risk is in relation to rental and property values. Directors regularly monitor the rental market data to ensure the rental values are maximised. The financial appraisal of each scheme considers the sensitivity and fluctuations in rental values against the longer term growth and ensures some viability contingency. Directors also monitor housing market data to make decisions on the acquisition and disposal to similarly maximise the return to shareholders.

2.7 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Hackney HLR Housing Company Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

2. Accounting policies (continued)

2.8 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.9 Investment property

The company's investment properties are initially measured at cost. The properties are valued annually at fair value which is based upon market value whilst recognising any restrictions on sale or other matter which effects the fair value of the investment properties.

2.10 Financial assets

The company classifies its financial assets into one category, based on the purpose for which the asset was acquired. The company has not classified any of its financial assets as held to maturity. The company's accounting policy for this category is as follows:

Trade and other receivables

Trade and other receivables are initially measured at transaction price and subsequently held at cost, less any impairment.

2.11 Financial liabilities

The company classifies its financial liabilities into one category, the company's accounting policy for this category is as follows:

Trade and other payables

Trade and other payables are initially recognised at price, being fair value of the consideration paid and subsequently carried at amortised cost using the effective interest method.

Hackney HLR Housing Company Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

2. Accounting policies (continued)

2.12 Share capital

Financial instruments issued by the company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The company's ordinary shares are classified as equity instruments.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The company has not made any significant judgements when applying the accounting policies.

The estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates and assumptions

- Fair value measurement of investment properties

As set out in Note 8 the company has a portfolio of investment properties. The accounting policy for investment properties is set out in section 2.9. There is a significant management estimate in the determination of fair value for the investment properties, the most significant being:

- A valuation has been obtained based on the properties being at market rent. A discount has then been applied to recognise that the properties are rented out at Hackney living rent which is at a discount to market rent.
- The properties were built as a portfolio (of 8 flats) and the fair value would be potentially impacted by both the need and desire to sell these properties either as a portfolio or individually; and
- Any future changes to rent levels arising from COVID-19.

4. Operating loss

The operating loss is stated after charging:

	Year ended 31 March 2021 £	Unaudited 15 months ended 31 March 2020 £
Fees payable to the company's auditor for the audit of the company's annual financial statements	12,000	-

Hackney HLR Housing Company Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

5. Employees

The company has no employees other than the directors, who did not receive any remuneration (2020 - £Nil).

6. Interest payable and similar expenses

	Year ended 31 March 2021 £	Unaudited 15 months ended 31 March 2020 £
Loans from group undertakings	34,932	-

7. Taxation

	Year ended 31 March 2021 £	Unaudited 15 months ended 31 March 2020 £
Current tax		
Current tax on loss for the year/period	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
Total deferred tax	-	-
Taxation on loss on ordinary activities	-	-

Hackney HLR Housing Company Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

7. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year/period is higher than (15 months ended 31 March 2020 - the same as) the standard rate of corporation tax in the UK of 19% (15 months ended 31 March 2020 - 19%). The differences are explained below:

	Year ended 31 March 2021 £	Unaudited 15 months ended 31 March 2020 £
Loss on ordinary activities before tax	(48,157)	-
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	(9,150)	-
Effects of:		
Unrelieved tax losses carried forward	9,150	-
Total tax charge for the year/period	-	-

Factors that may affect future tax charges

At 31 March 2021 the company had taxable losses of £48,157 (2020 - £Nil) available for offset against future taxable profits. No deferred tax asset has been recognised in the financial statements as there is insufficient persuasive and reliable evidence that the losses will be utilised in the foreseeable future.

The March 2021 Budget announced an increase to the main rate of corporation tax to 25% from April 2023. This rate has not been substantively enacted at the balance sheet date. As a result the unrecognised deferred tax as at 31 March 2021 is measured at 19%.

Hackney HLR Housing Company Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

8. Investment property

	Investment property £
Valuation	
At 1 April 2020	-
Additions at cost	3,346,000
At 31 March 2021	3,346,000

On 23 July 2020 the company acquired the leasehold of 8 apartments which are rented at Hackney Living Rent rates. At the time of acquisition the directors obtained a valuation from a valuer at the London Borough of Hackney who is appropriately qualified. At 31 March 2021 the directors updated this valuation but do not believe the valuation to have changed from the date of acquisition. The investment properties are accounted for based on the accounting policy set out in note 2.9.

If the investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2021 £	Unaudited 2020 £
Historic cost	3,346,000	-
Accumulated depreciation and impairments	(17,845)	-
	<u>3,328,155</u>	<u>-</u>

Items of income and expense

During the period £57,969 (15 months ended 31 March 2020 - £Nil) was recognised in the statement of comprehensive income in relation to rental income from investment properties. Direct operating expenses arising from investment property that generated rental income amounted to £18,789 (15 months ended 31 March 2020 - £Nil).

Restrictions and obligations

There are no restrictions on the company's ability to realise the value inherent in its investment property or on the company's right to the remittance of income and proceeds of disposal. The company has no mandatory obligations to purchase, construct or develop, maintain or enhance investment property.

Hackney HLR Housing Company Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

9. Debtors

	2021 £	Unaudited 2020 £
Due after more than one year		
Other debtors	5,173	-

	2021 £	Unaudited 2020 £
Due within one year		
Trade debtors	1,542	-
Amounts owed by group undertakings	26,379	-
	27,921	-

10. Creditors: Amounts falling due within one year

	2021 £	Unaudited 2020 £
Amounts owed to group undertakings	49,483	-
Accruals and deferred income	57,192	-
	106,675	-

11. Creditors: Amounts falling due after more than one year

	2021 £	Unaudited 2020 £
Amounts owed to group undertakings	2,500,000	-
Other creditors	5,173	-
	2,505,173	-

On 20 July 2020 the company entered into a £2.5m loan facility with its ultimate parent company, the London Borough of Hackney. This facility is secured by a charge over the investment property of the company and is due for repayment on 20 July 2050. Interest is charged at a fixed rate in accordance with the Public Works Loan Board lending rate, reduced by the certainty rate as published by the Debt Management Office.

Hackney HLR Housing Company Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

12. Share capital

	2021 £	Unaudited 2020 £
Authorised, issued and fully paid		
1 Ordinary share of £1	1	1

The ordinary share has no restrictions on the receipt of dividends or repayment of capital.

13. Reserves

The company's reserves are as follows:

Share capital

Nominal value of share capital subscribed for.

Capital contribution

An accumulation of the injection of capital into the company without any obligation for the company to repay it or to do anything in consideration for receiving it.

Profit and loss account

All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

14. Leases

Operating leases - lessor

At 31 March 2021 the company had future minimum rent receivables under non-cancellable operating leases for each of the following periods:

	2021 £	Unaudited 2020 £
Not later than 1 year	91,006	-
Later than 1 year and not later than 2 years	93,281	-
Later than 2 years and not later than 5 years	229,253	-
	<u>413,540</u>	<u>-</u>

The company utilises its investment property in operating leases.

Hackney HLR Housing Company Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

15. Controlling party

The company is a 100% subsidiary of Hackney Housing Company Limited which is the immediate parent company incorporated in England and Wales.

The company's ultimate parent is the London Borough of Hackney.

The largest and smallest group in which the results of the company are consolidated is that headed by the London Borough of Hackney, whose principal place of business is 1 Hillman Street, London, E8 1DY. The consolidated financial statements of the London Borough of Hackney are available to the public and may be obtained from <https://hackney.gov.uk/>. No other group accounts include the results of the company.

The directors consider there to be no ultimate controlling party.

**Hackney PRS Housing Company
Limited**

Annual Report and Financial Statements

Year Ended

31 March 2021

Company Number 11750933

Hackney PRS Housing Company Limited

Company Information

Directors	J Goddard S Theobald S A Haynes
Company secretary	A Spragg
Registered number	11750933
Registered office	Hackney Town Hall Mare Street Hackney London E8 1EA
Independent auditors	Mazars LLP The Pinnacle 160 Midsummer Boulevard Milton Keynes MK9 1BP

Hackney PRS Housing Company Limited

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Hackney PRS Housing Company Limited

Directors' Report For the Year Ended 31 March 2021

The directors present their report and the financial statements for the year ended 31 March 2021.

The results presented are for the period from 1 April 2020 to 31 March 2021. The prior period results are for the period from 4 January 2019 to 31 March 2020. Accordingly the comparative amounts presented in the financial statements are not entirely comparable.

Directors' responsibilities statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The company's principal activity is the provision of housing for the private rented sector.

Directors

The directors who served during the year were:

D A Carter-McDonald (resigned 31 March 2021)
J Goddard
S Theobald

Going concern

The world is faced with dealing with a global pandemic and adapting to a change in normal life, operations and business. The company recognises this has changed the outlook of the letting market and could impact property values and will continue to monitor this in relation to the company's activities. As life gradually returns to normal the rental market has shown signs of recovering.

Hackney PRS Housing Company Limited

Directors' Report (continued) For the Year Ended 31 March 2021

Disclosure of information to auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the company since the year end.

Auditors

The auditors, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

S Theobald
Director

Date:

Hackney PRS Housing Company Limited

Independent Auditor's Report to the members of Hackney PRS Housing Company Limited

Opinion

We have audited the financial statements of Hackney PRS Housing Company Limited (the 'company') for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Hackney PRS Housing Company Limited

Independent Auditor's Report to the members of Hackney PRS Housing Company Limited (continued)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.

Hackney PRS Housing Company Limited

Independent Auditor's Report to the members of Hackney PRS Housing Company Limited (continued)

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, anti-bribery, corruption and fraud, and money laundering, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to loss reserves, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

Hackney PRS Housing Company Limited

Independent Auditor's Report to the members of Hackney PRS Housing Company Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Vincent Marke (Senior Statutory Auditor)

For and on behalf of Mazars LLP, Chartered Accountants and Statutory Auditor

Milton Keynes

United Kingdom

Date:

Hackney PRS Housing Company Limited

Statement of Comprehensive Income For the Year Ended 31 March 2021

	Note	Year ended 31 March 2021 £	15 months ended 31 March 2020 £
Turnover		632,927	352,914
Cost of sales		(206,438)	(127,706)
Gross profit		426,489	225,208
Administrative expenses		(131,714)	(154,989)
Other operating income		5,040	-
Operating profit	4	299,815	70,219
Interest receivable and similar income		4	-
Interest payable and similar expenses	6	(670,430)	(425,040)
Loss before tax		(370,611)	(354,821)
Tax on loss	7	-	-
Loss for the financial year/period		(370,611)	(354,821)

There was no other comprehensive income for the year ended 31 March 2021 (15 months ended 31 March 2020 - £Nil).

The notes on pages 10 to 21 form part of these financial statements.

Hackney PRS Housing Company Limited

Registered number:11750933

Statement of Financial Position As at 31 March 2021

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible assets	8		77,570		129,920
Investment property	9		15,656,223		15,656,223
			<u>15,733,793</u>		<u>15,786,143</u>
Current assets					
Debtors: amounts falling due after more than one year	10	12,894		23,275	
Debtors: amounts falling due within one year	10	10,917		13,675	
Cash at bank and in hand		283,475		454,887	
		<u>307,286</u>		<u>491,837</u>	
Current liabilities					
Creditors: amounts falling due within one year	11	(766,510)		(632,800)	
			<u>(459,224)</u>		<u>(140,963)</u>
Net current liabilities					
			<u>15,274,569</u>		<u>15,645,180</u>
Total assets less current liabilities					
Non-current liabilities					
Creditors: amounts falling due after more than one year	12	(11,200,000)		(11,200,000)	
			<u>4,074,569</u>		<u>4,445,180</u>
Net assets					
Capital and reserves					
Called up share capital	13		1		1
Capital contribution reserve	14		4,800,000		4,800,000
Profit and loss account	14		(725,432)		(354,821)
			<u>4,074,569</u>		<u>4,445,180</u>

The company's financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

S Theobald
Director

Date:

The notes on pages 10 to 21 form part of these financial statements.

Hackney PRS Housing Company Limited

Statement of Changes in Equity For the Year Ended 31 March 2021

	Called up share capital £	Capital contribution reserve £	Profit and loss account £	Total equity £
At 1 April 2020	1	4,800,000	(354,821)	4,445,180
Comprehensive income for the year				
Loss for the year	-	-	(370,611)	(370,611)
Total comprehensive income for the year	-	-	(370,611)	(370,611)
At 31 March 2021	1	4,800,000	(725,432)	4,074,569

Statement of Changes in Equity For the Period Ended 31 March 2020

	Called up share capital £	Capital contribution reserve £	Profit and loss account £	Total equity £
At 4 January 2019	-	-	-	-
Comprehensive income for the period				
Loss for the period	-	-	(354,821)	(354,821)
Total comprehensive income for the period	-	-	(354,821)	(354,821)
Contributions by and distributions to owners				
Shares issued during the period	1	-	-	1
Capital contribution	-	4,800,000	-	4,800,000
Total transactions with owners	1	4,800,000	-	4,800,001
At 31 March 2020	1	4,800,000	(354,821)	4,445,180

The notes on pages 10 to 21 form part of these financial statements.

Hackney PRS Housing Company Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

1. General information

Hackney PRS Housing Company Limited is a private company limited by shares incorporated in England and Wales under the Companies Act. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are given in the directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

2.3 Impact of new international reporting standards, amendments and interpretations

There were a number of narrow scope amendments to existing standards which were effective from 1 April 2020. None of these had a material impact on the company.

Hackney PRS Housing Company Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

2. Accounting policies (continued)

2.4 Going concern

During the COVID-19 pandemic the company had a high level of tenancy turnover and a reduction in income. As the world recovers from the pandemic and returns to normal life, operations and business the lettings business has stabilised with reduced turnover and higher levels of rent being paid on new lettings. There continues to be demand for the properties and they have all been re-let, therefore the company remains viable and a going concern.

2.5 Turnover

Turnover represents rental income from investment properties. It is recognised to the extent that it is probable that economic benefits will flow to the company and revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding value added tax and other sales taxes. The company is not VAT registered. Turnover is recognised on a straight line basis over the term of the leases.

2.6 Leased assets: the company as lessor

Rental income from operating leases is credited to the statement of comprehensive income on a straight line basis over the term of the relevant lease.

Risk management

The company has comprehensive landlord insurance for the properties in the case of damage or destruction. The greatest risk is in relation to rental and property values. Directors regularly monitor the rental market data to ensure the rental values are maximised. The financial appraisal of each scheme considers the sensitivity and fluctuations in rental values against the longer term growth and ensures some viability contingency. Directors also monitor housing market data to make decisions on the acquisition and disposal to similarly maximise the return to shareholders.

2.7 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Hackney PRS Housing Company Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

2. Accounting policies (continued)

2.8 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.9 Tangible fixed assets (excluding investment properties)

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Fixtures and fittings - straight line over three years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

2.10 Investment property

The company's investment properties are initially measured at cost. The properties are valued annually at fair value which is based upon market value whilst recognising any restrictions on sale or other matter which effects the fair value of the investment properties. At 31 March 2021 the properties had an open market value of £17.5m prior to accounting for a contract restricting the sale of these properties for a period of five years during which time the open market value cannot be realised.

Hackney PRS Housing Company Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

2. Accounting policies (continued)

2.11 Financial assets

The company classifies its financial assets into one category, based on the purpose for which the asset was acquired. The company has not classified any of its financial assets as held to maturity. The company's accounting policy for this category is as follows:

Trade and other receivables

Trade and other receivables are initially measured at transaction price and subsequently held at cost, less any impairment.

2.12 Financial liabilities

The company classifies its financial liabilities into one category, the company's accounting policy for this category is as follows:

Trade and other payables

Trade and other payables are initially recognised at price, being fair value of the consideration paid and subsequently carried at amortised cost using the effective interest method.

2.13 Share capital

Financial instruments issued by the company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The company's ordinary shares are classified as equity instruments.

Hackney PRS Housing Company Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The company has not made any significant judgements when applying the accounting policies.

The estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates and assumptions

- Useful lives of property, plant and equipment

Depreciation is provided so as to write down the assets to their residual values over their estimated useful lives as set out in the company's accounting policy. The selection of these estimated lives requires the exercise of management judgement. Useful lives are regularly reviewed and should management's assessment of useful lives shorten then depreciation charges in the financial statements would increase and carrying amounts of property, plant and equipment would reduce accordingly. The carrying amount of property, plant and equipment by each class is included in note 8 and details of the useful lives are included within the accounting policy.

- Fair value measurement of investment properties

As set out in Note 9 the company has a portfolio of investment properties. The accounting policy for investment properties is set out in section 2.10. There is a significant management estimate in the determination of fair value for the investment properties, the most significant being:

- Estimating the effect of the restriction on sale (a five year period from the date of purchase on 13 August 2019) on the fair value of the assets;
- The properties were built as a portfolio (of 25 apartments) and the fair value would be potentially impacted by both the need and desire to sell these properties either as a portfolio or individually; and
- Any future changes to rent levels arising from COVID-19.

4. Operating profit

The operating profit is stated after charging:

	Year ended 31 March 2021 £	15 months ended 31 March 2020 £
Depreciation of tangible fixed assets	53,343	31,360
Fees payable to the company's auditor for the audit of the company's annual financial statements	15,000	14,500

Hackney PRS Housing Company Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

5. Employees

The company has no employees other than the directors, who did not receive any remuneration (2020 - £Nil).

6. Interest payable and similar expenses

	Year ended 31 March 2021 £	15 months ended 31 March 2020 £
Loans from group undertakings	670,430	425,040

7. Taxation

	Year ended 31 March 2021 £	15 months ended 31 March 2020 £
Current tax		
Current tax on loss for the year/period	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
Total deferred tax	-	-
Taxation on loss on ordinary activities	-	-

Hackney PRS Housing Company Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

7. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year/period is higher than (15 months ended 31 March 2020 - higher than) the standard rate of corporation tax in the UK of 19% (15 months ended 31 March 2020 - 19%). The differences are explained below:

	Year ended 31 March 2021 £	15 months ended 31 March 2020 £
Loss on ordinary activities before tax	(370,611)	(354,821)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	(70,416)	(67,416)
Effects of:		
Expenses not deductible for tax purposes	-	646
Unrelieved tax losses carried forward	70,416	66,770
Total tax charge for the year/period	-	-

Factors that may affect future tax charges

At 31 March 2021 the company has taxable losses of £633,270 (2020 - £481,342) available for offset against future taxable profits. No deferred tax asset has been recognised in the financial statements as there is insufficient persuasive and reliable evidence that the losses will be utilised in the foreseeable future.

The March 2021 Budget announced an increase to the main rate of corporation tax to 25% from April 2023. This rate has not been substantively enacted at the balance sheet date. As a result the unrecognised deferred tax as at 31 March 2021 is measured at 19%.

Hackney PRS Housing Company Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

8. Tangible fixed assets

	Fixtures and fittings £
Cost	
At 1 April 2020	161,280
Additions	5,053
Disposals	(5,040)
At 31 March 2021	<u>161,293</u>
Depreciation	
At 1 April 2020	31,360
Charge for the year	53,343
Disposals	(980)
At 31 March 2021	<u>83,723</u>
Net book value	
At 31 March 2021	<u><u>77,570</u></u>
At 31 March 2020	<u><u>129,920</u></u>

Included in other operating income is £5,040 (15 months ended 31 March 2020 - £Nil) in respect of compensation from third parties for fixtures and fittings given up.

Hackney PRS Housing Company Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

9. Investment property

	Investment property £
Valuation	
At 1 April 2020	15,656,223
At 31 March 2021	15,656,223

On 13 August 2019 the company acquired 25 apartments which are rented at market rates. At the time of acquisition the directors obtained a valuation from a valuer at the London Borough of Hackney who is appropriately qualified. At 31 March 2021 the directors updated this valuation but do not believe the valuation to have changed from the date of acquisition. The investment properties are accounted for based on the accounting policy set out in note 2.10.

If the investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2021 £	2020 £
Historic cost	15,656,223	15,656,223
Accumulated depreciation and impairments	(495,780)	(182,656)
	15,160,443	15,473,567

Items of income and expense

During the period £632,927 (15 months ended 31 March 2020 - £352,914) was recognised in the statement of comprehensive income in relation to rental income from investment properties. Direct operating expenses arising from investment property that generated rental income amounted to £206,438 (15 months ended 31 March 2020 - £127,706).

Restrictions and obligations

The contract for sale of the investment property includes a restriction on sale for a period of five years. There are no other restrictions on the company's ability to realise the value inherent in its investment property or on the company's right to the remittance of income and proceeds of disposal. The company has no mandatory obligations to purchase, construct or develop, maintain or enhance investment property.

Hackney PRS Housing Company Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

10. Debtors

	2021 £	2020 £
Due after more than one year		
Other debtors	12,894	23,275
	<u>12,894</u>	<u>23,275</u>
Due within one year		
Trade debtors	-	8,128
Amounts owed by group undertakings	360	-
Other debtors	1,350	-
Called up share capital not paid	1	1
Prepayments and accrued income	9,206	5,546
	<u>10,917</u>	<u>13,675</u>

11. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	26,968	54,147
Amounts owed to group undertakings	12,550	-
Accruals and deferred income	726,992	578,653
	<u>766,510</u>	<u>632,800</u>

12. Creditors: Amounts falling due after more than one year

	2021 £	2020 £
Amounts owed to group undertakings	11,200,000	11,200,000
	<u>11,200,000</u>	<u>11,200,000</u>

On 13 August 2019 the company entered into a £11.2m loan facility with its ultimate parent company, the London Borough of Hackney. This facility is secured by a charge over the investment property of the company and is due for repayment on 13 August 2049. Interest is charged at a fixed rate in accordance with the Public Works Loan Board lending rate, reduced by the certainty rate as published by the Debt Management Office, plus 4%.

Hackney PRS Housing Company Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

13. Share capital

	2021 £	2020 £
Authorised, issued and unpaid		
1 Ordinary share of £1	1	1

The ordinary share has no restrictions on the receipt of dividends or repayment of capital.

14. Reserves

The company's reserves are as follows:

Share capital

Nominal value of share capital subscribed for.

Capital contribution

An accumulation of the injection of capital into the company without any obligation for the company to repay it or to do anything in consideration for receiving it.

Profit and loss account

All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

15. Leases

Operating leases - lessor

At 31 March 2021 the company had future minimum rent receivables due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	646,425	575,154
Later than 1 year and not later than 2 years	509,554	539,280
Later than 2 years and not later than 3 years	190,486	276,648
	<u>1,346,465</u>	<u>1,391,082</u>

The company utilises its investment property in operating leases.

Hackney PRS Housing Company Limited

Notes to the Financial Statements For the Year Ended 31 March 2021

16. Controlling party

The company is a 100% subsidiary of Hackney Housing Company Limited which is the immediate parent company incorporated in England and Wales.

The company's ultimate parent is the London Borough of Hackney.

The largest and smallest group in which the results of the company are consolidated is that headed by the London Borough of Hackney, whose principal place of business is 1 Hillman Street, London, E8 1DY. The consolidated financial statements of the London Borough of Hackney are available to the public and may be obtained from <https://hackney.gov.uk/>. No other group accounts include the results of the company.

The directors consider there to be no ultimate controlling party.

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**Education
Sufficiency and
Estate Strategy**

2021 - 2031

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Vision

Hackney has a diverse and vibrant community of educational establishments. The school community has worked together over a number of years to grow and develop in light of changes in population and government agenda. The last year has been an outstanding example of partnership working in the most difficult context during the pandemic.

Hackney has a vision to provide an excellent equitable local educational experience for all Hackney children and young people. For the majority this will be within a mainstream early years setting and school or college environment. But for many who are not as easily able to access mainstream education for various reasons, we want to have a varied and child centred alternative offer through specialist settings and alternative provision. With significant growth in the numbers of children and young people who cannot access mainstream education we need to address this change in the same way that the Hackney community has approached change in the past: together, and with outcomes for children and young people as the cornerstone of our strategic approach.

We want all our children to be able to travel easily to a great inclusive local school which engages with all their neighbourhood parent/carer communities. We want all our children to be in schools which fairly reflect the diversity of the Hackney community.

Paper Summary

The Council has a statutory duty to ensure there is a sufficient number of school places for pupils and that places are planned effectively.

It also has a statutory duty to keep under review educational provision, training provision and social care provision made both in and outside of its area for children and young people with SEN or a disability and for whom it is responsible.

The paper firstly provides a clear review of our current sufficiency and how our educational estate can support this; the review will assess the efficient running and financial stability of schools.

The paper will then present the gap analysis of provision that we will require over the next five to ten years.

Conclusions will be drawn to form the description of a high level strategy to address the vision proposed to provide sufficient Hackney school places for all children and young people living in our Borough.

Context and perspective - National, London and Hackney

Hackney demographics	
<p>Age: 25% are under 20 years. Proportion of residents between 20-29 years has grown in the last ten years to just under 25%. Life expectancy is below the London average, especially for men</p> <p>Cultural Diversity: Over 1/3 of residents were born outside the UK. Population groups include: 'Other White', Black, Turkish/Kurdish. A large Charedi Jewish community is located in the North of the borough.</p>	<p>Deprivation: Community is becoming less deprived than other LAs in relation to income, employment, housing: in 2010 ranked 2nd most deprived LA, in 2015 moved to 11th rank in London.</p> <p>Financial poverty and employment: In 2016-17, 36% of residents were living in financial poverty – with incomes of less than 60% of the national median after housing costs.</p> <p>Housing: Home ownership is highest amongst the Asian and White populations. Black residents are most likely to live in social housing.</p>

<https://hackneyjsna.org.uk/>

The population of Hackney after showing a rise between 2008-2016 is now falling.

Local authorities have a statutory duty to ensure there is a sufficient number of school places for pupils and that places are planned effectively. In Hackney, this is managed by Hackney Education (HE), the Council’s education service.

Between 2007 and 2014 Hackney experienced significant and unprecedented growth in demand for primary school reception places with very high rolls between 2012 and 2016. This trend was replicated in London and across the country. In response, local authorities created additional school places to cater for the increased demand. Furthermore, new school places were created through the government’s Academy and Free School programmes.

Since 2015 however, demand for reception places across London has decreased year on year. The reason why rolls are falling is unclear, but it is thought to be a combination of changes to welfare benefits, rising rents and the possible effects of Brexit and the pandemic. Falling reception rolls have led to a significant number of surplus reception places, which has impacted on the efficient running and financial stability of some schools.

There has been a significant increase in the number of children and young people with EHC Plans - 49% over the last 5 years, an average annual year on year growth of 10.3%. This year has seen a 17% increase in requests for assessment. The demand for high quality provision and specialist places in local settings is high, outstripping supply. This is in line with national trends.

There are 15,000 Charedi Jewish Children and Young People aged under 16 in Stamford Hill alone. These children will attend Charedi Schools by parental preference. There are two Othodox Jewish state funded girls secondary schools, one is local authority maintained and voluntary aided; the other is part of a multi-academy trust.

There are over 20 Charedi Schools in Hackney which are independent schools and engagement with Orthodox Jewish schools is both direct and supported by third sector charities. Of the 460 pupils with EHCP at Independent and Non Maintained Special Schools in Hackney, over 250 (57%) of these pupils attend Charedi schools.

The number of children in the Charedi Jewish community is increasing and there is pressure on space, and at times on the quality of educational accommodation, in the independent school sector. By comparison, other independent schools within Hackney with a religious ethos include three Muslim schools and one Christian school.

Between 2009 and 2021 there has been a clear trend in terms of an increasing number of Statements or EHCPs being issued and maintained by Hackney with an approximate 80:20 split between non SEND C&YP to 20% including EHC Plans and SEN support. This split may change as the total school population is expected to decrease over the next 3 -5 years.

The impact of this is significant, as while the need for specialist places and support services has increased, the CYP population is projected to fall. This means that the percentage of each year's pupil cohort requiring SEND support and provision will increase.

The decreasing rolls and increasing requirements for SEND will impact on the use of the education estate which will see changes in the coming 5-10 year period. We therefore need to review the Hackney strategy for sufficiency and meeting the needs of education through the asset.

The impact of falling rolls on individual schools creates challenges for school leaders and needs to be managed individually and collectively. Having an excess number of surplus places in the system can lead to more moves between schools than is helpful for young people. The strategy considers guidance for schools who are experiencing falling rolls.

1. Aims of the paper:

To describe the strategy over the coming ten years (2021-2031) for education, education property and estates in Hackney, ensuring that:

- There is a sufficiency of early years, statutory age and post 16 mainstream and special school and college places in our Borough
- The overall spread of schools (mainstream and special) and early years settings meets the **strategic aims of Hackney Council**
- All pupils can travel easily to a local school
- There is equitable access to schools for all families, with attention given to ensuring decisions taken provide and promote diverse intakes.
- Schools fairly reflect the diversity of the Hackney community.
- The range of types of school is continued, including faith schools.
- The changing needs of the population are met: both in terms of education spaces and community spaces

- Our partners in education, headteachers and governors, diocesan boards and academy trusts, are aligned and committed to this strategy
- Communities and colleagues can see a rationale and process of support for any change
- School leaders, including governors, are well informed and supported in understanding possible developments ahead
- Key stakeholders are engaged and supported
- There is broad commitment to any changes proposed, note that proposed changes are the subject of consultation with the community and carried out in line with statutory requirements including school reorganisation and equalities legislation.
- Changes to site use are well considered and sustainable
- The education estate in use supports a good quality of education
- Education sites are well maintained and suitable for use, and will be well maintained for the future/environmentally sustainable.
- Public money is well spent - including ensuring schools and settings are run efficiently; guidance is given on sustainability given pupil numbers
- There are clear guidelines and protocol for responses to external requests for use of sites.
- Attention is paid to contributing to growth of the inclusive economy
- The strategy supports and promotes the health and well being of the borough

This paper sets out the likely need for change to use of sites over a 5-10 year planning period and possible capital investment routes to support the need. This paper does not list individual sites or address individual concerns. Decisions about individual sites will be made in line with the agreed strategy via the implementation plan which will be produced at a later date.

2. Audience:

Officers and councillors, headteachers, governors, diocesan boards and the public

3. Timeline:

Throughout - working group meetings of key officers and senior officers meet weekly

- March 2021: To get initial approval at HMT and 3-1 for scope of document and general steer - Group Director and Cllr Bramble approved 8-3-21; FM group approved 15/3/21; SLT to see paper 18/3/21
- 31 May/30 June 2021: Draft Strategy paper approved by all HE senior officers
- June - November 2021: Ensure discussion with neighbouring boroughs, diocesan boards and other partners: headteachers and governors regarding school place planning and specialist provision; Social care and health leadership teams.
- November - December 2021: Senior Council and member review of the strategy

- February 2022: This strategy paper will go to Cabinet for final approval
- February 2022 - December 2022: The development of implementation plans will take place with stakeholders to formulate proposed solutions. One implementation plan for Priority 1 and SEND proposals. Further implementation plans to address the priorities 2,3 and 4.
- July - December 2022: Council meetings as required to get final approval for the resulting implementation plans.

4. Key input documents:

This paper is supported by multiple key input documents (2020 data), listed below which provide a detailed analysis of each area and the changing need:

A. **School organisation plan (September 2020):**

<https://education.hackney.gov.uk/content/school-place-planning#:~:text=Hackney%20Education's%20School%20Organisation%20Plan,the%20School%20Place%20Planning%20Group.>

B. **Childcare Sufficiency Assessment (March 2020)**

<https://www.hackneyservicesforschools.co.uk/system/files/extranet/Hackney%20Childcare%20Sufficiency%20Assessment%202019%20to%202020%20%282%29.pdf>

C. **Map of Schools and Children Centres**

https://www.hackneyservicesforschools.co.uk/sites/default/files/document/A0%20Hackney%20Schools%20Map_July_2019.1.pdf

D. **Hackney's Local Plan 2033 (LP33) - adopted in July 2020**

■ **appendix-1-LP33-adoption-july-2020.pdf**

The new borough wide Local Plan 2033, known as LP33, is the key strategic planning document used to direct and guide development in the borough up to 2033.

The Council are also developing 2 new area action plans for Shoreditch and Stamford Hill together with supplementary planning documents including Growing up in Hackney - Child Friendly Places Supplementary Planning document.

5. Key officers:

Officers: Fran Cox, Ginevra Davis, Samantha George, Andrew Laidler, Ophelia Carter, Donna Thomas, Stephen Hall, Jane Ball, Hilary Smith, Anton Francic, Meghan Nice

Senior officers: Annie Gammon, Chris Pritchard

HMT champions: Jacquie Burke, Ian Williams

6. Strategic aims for education in Hackney

Hackney's aims are to create a fairer, more inclusive borough, which supports children and young people to thrive. We want to optimise schools' roles as an anchor system in the

borough and we want to ensure developments and changes are sustainable in the widest meaning of the word.

Hackney Education's mission is to **improve the life chances of every child, young person and learner in Hackney**

... making Hackney the most forward looking education system in the UK, where schools, settings and partners provide an exciting environment which ensures inclusion and success for everyone. We see our borough as being one of the best places in the country for young people to grow, learn, develop and achieve – and one of the best places for colleagues to work and thrive in our education system.

The Hackney Schools for Everyone document of Jan 2018 summarises a survey of residents. When asked about the role the Council should take in Hackney's schools, 92% respondents thought the local authority should ensure there are enough school places locally, 88% said the council should support the wellbeing of vulnerable children, 85% identified access to special educational needs provision, 83% said the Council should ensure schools work together to provide high quality education. 83% of respondents believed that it was the Borough's role to oversee the schools admission process and ensure that it's fair. Respondents were also asked to rate on a scale of very important to not important at all the priorities for schools in Hackney. Providing sufficient primary and secondary school places was considered very important for 90% of respondents, with equal opportunities, maintaining high standards and investing in high quality facilities receiving over 80% of responses as 'very important', followed by schools working together at 74%.

Respondents suggested that Hackney schools are diverse with comparatively low segregation between pupils from different backgrounds and this was something to be safeguarded by the local authority. From this emerged a narrative about respondents' fears that children could be left behind, fuelled in part by concerns over demographic changes to the borough.

The document emphasises a strong preference for schools being open to everyone i.e. not selective. In our borough we have maintained schools which have a religious ethos and are open to everyone (Church of England and Roman Catholic schools and Jewish schools; there is also an Islamic faith based academy). The Borough wants to ensure these faith based schools can continue to thrive.

In Hackney we have a number of academies and free schools. Whilst the borough has a particular responsibility to local authority maintained schools, we also see the academies and free schools as part of the wider Hackney family of schools.

There needs to be particular attention to the needs and future of small schools. One form entry schools are particularly vulnerable to the impact of any reductions in rolls.

We want to support schools in any future change of use of parts of their sites.

There is a renewed focus on ensuring all our schools in Hackney both mainstream and specialist are inclusive in their ethos. In the changes proposed in this strategy we want to ensure that we provide the correct training and development to mainstream schools to increase their local offer in relation to pupils with SEND that will be included within their school community. With more and more children with SEND included in mainstream settings there will be a requirement for more specialist training for local mainstream school staff and strategic curriculum development in order to differentiate to meet all needs. Hackney Education is committed to supporting mainstream schools in this.

All sufficiency and estate reviews will be made in consideration of Hackney Education's School Organisation Principles.

7. School Organisation (Sufficiency & Demand)

Needs arise where there is insufficient capacity or provision to meet what is required or the existing provision is not suitable for the current or future need.

Early Years

In total, there are 365 childcare providers in Hackney. These include 176 Childminders, 51 nursery classes in schools, 2 maintained nursery schools and 118 Private and Voluntary nurseries registered with Ofsted as Childcare on non-Domestic Premises. In addition there are 18 independent schools which provide education and care for 2, 3 and 4 year olds. The number of providers has remained broadly stable over the previous two years.

The most recent Childcare Sufficiency Assessment (March 2020) concluded that there is a sufficient supply of childcare provision to meet the needs of children requiring funded childcare places. Participation by providers offering 2, 3 and 4 year old funded places has increased over the previous two years thereby improving access to these entitlements for children and families.

The Parenting and Family Information Service monthly collection of vacancy information indicates that there has been an increase in the number of settings reporting vacancies. In May 2021, from a total of 146 schools and settings that completed the survey, 71 reported vacancies. This has increased from 49 in November 2020.

Mainstream Schools:

There are 58 maintained Primary Schools consisting of 38 Community schools, 14 Voluntary Aided (VA), 3 Free schools and 3 Academies. There are 16 secondary schools, of which 8 are Academies, 5 VA, 2 Community and 1 Free school. The complete list can be viewed on page2.

<https://education.hackney.gov.uk/content/school-place-planning#:~:text=Hackney%20Education's%20School%20Organisation%20Plan,the%20School%20Place%20Planning%20Group.>

Primary projections

Primary school rolls are falling in Hackney and across London. This significant shift in demand offers the potential to examine how our school buildings are being used. However caution is needed when considering sites that could be deemed surplus to requirements for the future if rolls increase again (both primary and secondary). Sufficient capacity should be retained within the estate - including for a new secondary school - if there is a future increase in demand for secondary school places.

In January 2021, there were 495 vacant reception class places. Secondary schools were mainly full with 39 vacancies. The Greater London Authority's position is that the mainstream roll forecasts are difficult to predict at this stage given the changing patterns as a result of Covid 19, but rolls are falling. Reductions in the Planned Admission Number (PANs) have been undertaken; 120 reception places were removed in 2019, a further 135 will be removed in September 2022 and the Authority is currently consulting on reducing PANs by a further 120 places in September 2023.

Secondary Projections

Secondary projections are devised by using primary rolls as a baseline, to which various factors are included and others discounted, for example, a projection of the number of non-Hackney resident pupils that are likely to obtain a secondary place in Hackney and the number of Hackney resident children in primary schools outside Hackney that will require a place in a Hackney school at secondary transfer. Consideration is also given to pupils in independent primary provision and those that may transfer to an independent secondary school and an over allocation of Yr 7 places at secondary transfer by some schools.

Based on projections using the January 2021 census, surplus Year 7 places will range from 52 places in September 2022 to 142 in September 2027 with a peak of 247 places in September 2025. Work is underway to determine the impact of falling primary rolls on the secondary phase.

Post 16

Hackney has 12 school sixth forms providing applied general and A Level courses for 3000 students. Over the past 10 years the numbers in Hackney school sixth forms have more than tripled, with 6 sixth forms having opened since 2010. Two schools are 11-16 only. At present, City of London Academy, Shoreditch Park is consulting on opening sixth form provision. There is a sufficiency of post-16 places with half of our sixth forms having an entry of under 100, which, using DfE criteria, would be deemed to be at risk.

Schools are maintaining their numbers by increasing the breadth of their course offer beyond A Level and schools value their sixth form as it sustains the entry of their cohort at year 7. The recent DfE White Paper, Skills for Jobs: Lifelong Learning for Opportunity and Growth, January 2021, has an emphasis on the new T Level courses which would run more easily at a college and this could lower the number of students choosing to stay on in school at 16.

Sufficiency in courses is less well developed. The schools do not offer provision at Entry Level to Level 2. For this type of learning experience and accreditation, Hackney young people can go to the two colleges in Hackney: BSix and the Hackney Campus of New City College, which also has sites at Epping, Havering, Redbridge, and Tower Hamlets, and a number of other colleges in surrounding boroughs. There is some SEND provision at both BSix and Hackney Campus of NCC. The colleges also offer level 3 provision and blended pathways.

Only Stormont House and Ickburgh School offer sixth provision for SEND pupils and this is the area of greatest need. The Garden School is expanding to become an all through school with post-16 provision.

Currently there is a large net outflow of sixth form students from Hackney. This is a potential group of students who could remain in borough if suitable offers were available.

Independent Schools

There are 29 Independent Schools and 3 Independent Special Schools within Hackney, 84% of these are faith based schools - 23 Jewish Schools, 3 Muslim Schools and 1 Christian School. There is only 1 mainstream Independent school.

A strong presence of independent settings in a local authority is always an impacting factor when pupil place planning as it is very difficult to predict when parents may choose to leave the public school system and move their child to an independent setting.

The great majority of independent school places taken up in Hackney are in the Jewish community.

Anecdotally we are seeing slightly more families choosing to access independent education for their children through the pandemic which has been a contributing factor to falling rolls in some schools.

We are keen to work with our independent school settings as a key part of our Hackney Schools community to ensure a consistent offer is in place for children and young people with SEND. Good strategic relationships will also lead to better understanding of pupil flow which will support intelligent pupil place planning in years to come.

Special Education Needs and Disabilities:

There is a need for additional SEND places in-borough. We currently send **460** pupils out of the borough to independent provision and non maintained special schools. This is expensive and involves travel. It is also not in the best interest of the child in comparison to a local provision in their communities.

Further to this the significant increase in the number of children and young people with EHCP requiring specialist provision forecasts that by 2023 we will require an additional **336** places in special provision by 2023 and a further **168** annually after that through to 2026.

The numbers and type of places needed have been reviewed through the SEND Needs Analysis Paper (SNAP) and in June 2021 we began to invite expressions of interest from schools and settings within the borough to be involved in the delivery of new provision.

The numbers and pattern of organisation will be reviewed and informed by the SNAP and the expressions of interest received.

The SEND Needs Analysis Paper (SNAP) has made the following recommendations in relation to future educational need:

1. The delivery of **150** additional all age Special School places for children and young people with ASC and complex needs. This could be through the expansion of the existing Special Schools, or in the creation of a new provision.
2. The delivery of two ASC Additional Resource Provisions (ARP); one **24** place secondary and one **24** place primary setting.
3. The delivery of one **24** place MLD Secondary ARP
4. The delivery of one **24** place Primary SLCN ARP
5. The commissioning of **20** ASC places catering for the orthodox jewish community
6. The commissioning of **24** primary SEMH places
7. The commissioning of **24** secondary SEMH places
8. The commissioning of a **50** place Post 16 provision which supports children and young people with complex needs including ASC and SEMH.
9. The development of more formalised pathways for earlier assessment and **20** assessment places within Early Years settings.

Given the timescales associated with the growth figures there is a need to move quickly in relation to an identified solution.

Hackney Education will ensure that with any new provision support and training for people working in these ARP and special schools will be developed.

Hackney Education's School Organisation Plan in July 2020 identified the following;

Well maintained, accessible, sustainable assets

The strategy will support the aim to ensure that school premises are well maintained, fit for purpose and meet all relevant national standards for space and health and safety.

The education property portfolio has had significant investment over the last 15-20 years through the regeneration of the secondary school estate under the BSF programme and more recently through regeneration of sites through mixed use opportunities, cross

subsidising the building of schools through the development and sale of private residential properties on the same site.

Although there has been considerable investment since 2006, there are still significant ongoing maintenance needs across the estate and with environmental sustainability and quality of life at the heart of the Council’s vision for urban design, these two issues will be important drivers in the decisions made around future investment and location of places. The strategy will also consider the promotion of health and well being for Hackney’s children, to ensure access to good play and sport and leisure facilities.

Asset Management Planning information on the education estate assesses condition, suitability and sufficiency of the school sites and will provide supporting baseline information for the prioritisation of school development. For example there is an asbestos issue in some schools of a particular age that will need to be taken into consideration when looking at viable options. Options appraisals will be considered for existing sites to help decision making on whether to refurbish existing buildings or to construct new buildings if more cost effective.

8. Education Property Surpluses: mainstream, special and early years

The pattern of school organisation over recent years together with new school and mixed use developments has released sites that are currently empty or have a temporary use. This combined with falling rolls and increasing SEN need provides an opportunity for the existing education estate strategy to coordinate providing the future places required with the sites and spare capacity available. The future delivery of school places will need to reflect the policies within the Local Plan 2033 (LP33) adopted in 2020.

Housing Mix Context

Delivering good quality genuinely affordable homes to meet the needs of Hackney’s existing and future households is a key challenge for Local Plan 2033. The priority is for conventional housing, and in particular genuinely affordable housing, where the Council seeks affordable contributions from large and small schemes involving housing. Regarding size mix the main planning policy is LP14 ‘ Dwelling Size Mix’, where the following mix is set out:

Bedrooms / Dwelling size	1 Bed	2 Beds	3+ Beds
Preferred dwelling mix – social/London affordable rent	30-34%	30-34%	33-36%

Preferred dwelling mix – intermediate	Lower % than 2 bed	Higher % than 1 bed	15-25%
Preferred dwelling mix - market	Lower % than 2 bed	Higher % than 1 bed	33%

There is recognition that in the Stamford Hill area the Council will be seeking a higher proportion of 4 bed plus units. In addition the Council will consider variations to the dwelling mix depending on site location and characteristics, site constraints, and scheme viability etc. In some cases and circumstances the proportion of family housing sought in a scheme may be higher, and in others it may be necessary to provide a lower proportion of family units (3 bed plus) units.

The mix advocated in policy LP14 is based upon local housing assessments and the Council housing waiting list, which identifies the quantum of each type of housing required to meet housing needs in the Borough.

Opportunities

Potential Children Centre sites

Hackney has 21 children's centre premises, and one One 'O' Clock Club centre in Clissold Park. Of the 21 Children's centres and One 'O' Clock' Club premises, 18 occupy either a purpose built building or school premises, owned by the Local Authority. Two are owned by charities, one is owned by a management committee, and one is owned by the NHS (see attached Appendix D table, Hackney Children's Centre & Associated Sites).

Potential for spare provision in those primary schools with reducing PANs.

There are a number of schools with falling rolls in the borough; some of which have had temporary PAN reductions introduced. The opportunity to review and consolidate this provides an opportunity to consider new SEN provision on school sites with spare capacity, the possibility of permanently reducing PANS should be considered in coordination with the SEN strategic need for places.

It is important to note that whilst reducing PAN is often linked to schools with falling rolls, this is not always the reason for a PAN reduction. Some schools approach us so that they can change their PAN to plan ahead before they experience a significant impact of falling rolls or to find viable long-term solutions for them when managing their staff and budget. Other schools who are not experiencing falling rolls but are in planning areas which have large surplus are working with us to adjust their PAN in the wider efforts for equity; in hope that this will positively affect school roll numbers at schools around them.

Vacant school sites

There are school sites in the borough that are no longer used as schools but have a temporary use pending future decisions on their strategic use. Their suitability for future

education use and potential for mixed use development to help fund future school places will be assessed in order to determine viable options. Feasibility studies undertaken in recent years provide a positive outlook for future education use colocated with housing developments similar to recent projects completed in the borough and this model will be explored as the needs are further defined. The Local Plan 2033 supports the principle of providing mixed used development, co-located with other social infrastructure.

Subject to the developing school estates strategy and ongoing falling rolls at mainstream schools, some sites already out of use could be used to generate income to provide additional income for school places (such as SEND places) or provide opportunities for alternative community infrastructure.

Schoolkeeper Properties

With less reliance on residential schoolkeepers, there are a number of schoolkeeper houses tied to schools within the borough that are vacant or will become vacant in the short to medium term. Options will be considered for the future use of these properties particularly in relation to the SEND needs in the borough, although many are unlikely to be suitable for SEND need because of their layouts, dimensions and accessibility.

Alternative uses will be considered and will include other internal service requirements such as Benefits & Housing Needs (temporary accommodation) and Adult Social Care (housing with care).

Other Sites within Hackney Estate

HMT is supporting the strengthening of the central strategic asset management function as well as the continued development of a Corporate Landlord operating model. The establishment of the Strategic Asset Management Framework (SAMF) which encompasses the newly established Asset Review Process and the revised Governance proposals would capture the wider corporate estate. The intent is that the pan-corporate thinking which it encourages will complement an increasingly collaborative working culture across services and their operations. As such, non education sites could be considered as an option for education use and development.

Within the SAMF there will be an overarching Corporate Asset Management Strategy (CAMS) and the Education Estate Strategy (service plan) would feed into the CAMS. This process is currently under development.

Legal and Land Title

The strategy will consider land ownership and potential restrictions or impact on future opportunities and any additional land requirements and approvals or consents needed. We will work with our partners, for example the Diocesan Boards, on any sites identified for development not owned or managed by London Borough of Hackney.

9. School Organisation Legislation

Statutory guidance from the DfE outlines the legal process that must be followed when making organisational changes to existing mainstream schools. Organisational change can include opening or closing schools, a change of category, size or location and specific duties around establishing, altering and removing SEND provision. The guidance, which is set out in a number of key DfE documents and underpinned by several legal instruments, aid Local Authorities, Governing Bodies and decision makers in bringing forward statutory proposals. The guidance advises that where possible, additional new places should only be provided at schools that have an overall Ofsted rating of 'good' or 'outstanding' as well as the conditions under which the removal of places should be considered and entered into.

[The School Organisation \(Prescribed Alterations to Maintained Schools\) \(England\) Regulations 2013](#)

[The School Organisation \(Establishment and Discontinuance of Schools\) Regulations 2013](#)

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/851585/Opening_and_closing_maintained_schools1012.pdf

Opening New Schools

Free School Presumption

The Free School presumption is the main route by which local authorities can establish a new school in its area. Once the need for a new school has been identified, the LA must seek proposals to establish the new provision via this route.

All new schools established through the presumption process are classified as free schools. This reflects the fact that 'free school' is the department's term for any new provision academy. 'Academy' is the legal term for state-funded schools that are independent of local authority control and receive their funding directly from the government. Schools established through the presumption process are not required to use the term 'free school' in their name: this follows practice within the department's free school programme.

When following this route, LAs are required to draw up a specification and carry out a consultation on each proposal and invite proposers to submit applications. Once applications are received, these are reviewed by the Local Authority and the DfE. However, the final decision on the appointed sponsor rests with the Secretary of State. A funding agreement is then entered into between the successful sponsor and the DfE. The LA is responsible for providing the site for the new school and for delivering the capital programme for the build. All types of schools can be considered under this process. The free school presumption is outlined in the document (link) below:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/844346/Free_school_presumption_051119.pdf

Whilst this isn't necessarily an issue from an education perspective, The Free School Presumption does have key implications for the educational property assets as the building and site would be handed over to the Academy Trust or Free School under a lease

agreement. As a consequence of this; the strategy will look first at ways of expanding the existing school community before considering the delivery of a free school.

Merging schools

The amalgamation of two schools involves the closure of one of the schools and a pooling of resources. The Garden School, for example, was created by the amalgamation of Horizon School and Downsvie School. The merging of schools serving the same locality offers the retention of a local school with viable pupil numbers where individual pupil rolls are not sufficient for a single school to be financially sustainable.

Federation

Federating schools has underpinned many successful school transformations in Hackney. Federation can offer much to maintained schools, allowing them to build greater capacity in senior leadership, immediate school to school support, shared teaching expertise, governance, and potential economies of scale offered by joint up administrative functions and pooling of resources. Partner schools in a federation benefit from a broader base of expertise and support. Federations are typically overseen by one executive headteacher/principal with heads of school on each school site. There are two school federation structures, a 'soft federation' where each school retains its own Governance structure and a 'hard federation' where one governing body oversees the federation, typically with subcommittee structures overseeing each school.

Expanding Schools

Expansion of an existing school onto a separate site may be the preferred option for increasing SEND places. If this route is pursued, the new provision must be a genuine change to an existing school and not in reality the establishment of a new school. The type of factors to consider when deciding which route to take are set out in [The School Organisation \(Prescribed Alterations to Maintained Schools\) \(England\) Regulations 2013](#), which is referenced above.

Closing Schools

Under Section 15 of the EIA 2006, a LA can propose the closure of ALL categories of maintained schools following a statutory process. Reasons for closing a maintained school include surplus places elsewhere in the local area which can accommodate displaced pupils and there is no predicted demand for the school in the medium to long term; The governing body of a voluntary, foundation or foundation special school may also publish proposals to close its own school following the statutory process. Alternatively, it may give at least two years' notice of its intention to close the school to the Secretary of State and LA.

Support

Hackney Education will ensure that it provides support and guidance to all schools through any change.

10. Finances

Any decision around investment should be considered as part of the business plan for considering the revenue costs of providing SEN Places in borough and the balance to be discussed regarding any savings to the High Needs budget.

Capital Funding Strategy

Options available for capital funding streams will be reviewed and alternative options will also be considered for capital investment to support provision.

Capital Allocations for supporting places for pupils with SEND

The government announced the High Needs Provision Capital Allocations (HNPCA) in April 2021. This grant is paid to local authorities (LAs) to support the provision of places for pupils with special educational needs and disabilities (SEND) and those pupils requiring alternative provision (AP). This funding will form the basis for the capital investment in SEND need and will form part of the wider strategy combined with other capital investment such as basic need.

Basic Need Grant

Basic Need grant funding is a capital funding route allocated by central government to meet local priority needs for school places. The Basic Need allocations are based principally on data collected from LAs in the School Capacity Survey (SCAP) annual returns. The DfE have confirmed that whilst Basic Need funding must be used for capital purposes, it is otherwise un-ringfenced to allow local authorities greater flexibility to make decisions that are best for their local area although the condition for grant application excludes using it for free schools in any capacity. While the funding is calculated based on need for mainstream places across reception to year 11, local authorities are free to use this funding to best meet their local priorities; including creating new provision for pupils with special educational needs and disabilities to ensure every pupil has an appropriate school place.

Revenue Funding Strategy

School Places - revenue funding for additional SEN places

1. The average revenue cost for an ARP place in a Hackney mainstream setting is £21,080 per annum (place funding and top-up)
2. The average revenue cost for a place in a Hackney special school is £30,167 per annum (place funding and top-up)
3. The average revenue cost for a pupil to attend a independent special school or non-maintained special school is £43,672 per annum

The above revenue costs are based on March 2021 costs, and do not include transportation cost of average £7,800 per annum which is more likely to be incurred by pupils attending out of borough independent special schools or non-maintained special schools.

There is a potential savings ranging from £13,505 to £22,592 should a pupil be placed in a Hackney ARP or special school.

The cost of operating a school is dependent on the number of pupils attending as the funding provided is based on individual pupils and their circumstances.

Operational and Maintenance costs of vacant sites

This is an important consideration as the revenue implications for keeping empty sites available and safe can be considerable. By way of an example, costs to mothball a primary school site can cost in the region of £250,000-300,000 per annum.

Running considerations of current schools

There are a number of schools which find the economic pressures of running more challenging. Factors are:

- Not filling places to capacity
- One form entry schools - particularly where the above applies
- Small sixth forms
- Expensive maintenance costs
- Popularity in terms of trends of parental choices
- Quality of education

Schools nationally and locally continue to struggle with managing limited resources and increasing numbers of schools have moved into a cumulative deficit position. Ten schools closed the 2020-21 financial year with a deficit balance. Schools continue to be innovative in terms of merging year groups, sharing support functions and managing contract costs but around 80% of expenditure directly relates to staffing. Regular restructuring is taking place in many schools however it is becoming more difficult to achieve long term financial stability where local declines in pupil numbers are predicted.

Further Considerations

Mixed Use Development

This is a model with many examples in Hackney and across London. It provides the opportunity to cross subsidise the development of school places through the building and sale of residential properties on the same site.

This model has delivered a number of new schools in Hackney including Holy Trinity Primary School in Dalston, New Regents College at Nile Street and Nightingale Primary School at Tiger Way. There is an opportunity on existing vacant sites to deliver a project that could support the costs of constructing a new SEND school on the lower floors of a development

along similar lines either as an expansion of an existing SEND school or a new SEND school.

Sites surplus to education use

The consideration of disposing of site(s) that are or become surplus to education use could be considered as a way to raise capital to support the strategy. This option would need Secretary of State approval. There are risks regarding the free school presumption when identifying a site as surplus to requirements that would need to be carefully considered. Early discussion with the DfE around the strategy is recommended.

DfE Free School SEND Competition

The most recent round LBH bid for SEMH provision for the Family School on the old Harrington Hill Primary site, was not successful. It is unknown when another round may be available but this could be a future option if the DfE hold another round. Timescales associated with this route may make this option invalid.

Section 106 Opportunity / CIL

The opportunity provided by housing and other major developments in the borough for investment using S106 or the Community Infrastructure Levy (CIL) in the borough will be closely aligned to the strategy.

Cross Borough Project

Potential to provide the site and fund SEN provision through cross borough investment with another neighbouring borough is a possibility that needs to be explored. Liaison with our closest LAs has begun to ascertain their own commissioning strategy which will inform the viability of this option.

11. Comments of the Council Solicitor and Monitoring Officer

The following legal duties of the Council apply to the provision of education for children and young people in its area, and to the various proposals put forward in this report:

- S 14 Education Act 1996 (EA 1996) to ensure the provision of “sufficient schools” for the provision of primary and secondary education in their area.
- S 13(1) EA 1996, as far as powers permit, to “contribute towards the spiritual, moral, mental and physical development of the community by securing that efficient primary education, secondary education and further education are available to meet the needs of the population of their area”.
- S 19 EA 1996 to make arrangements for the education of children who may not receive education at school for whatever reason.
- S 13 EA 1996 to promote high standards and the fulfilment of potential and fair access to educational opportunities for children of compulsory school age at school or otherwise or if under age at maintained schools.

- Ss 507A and 507B EA 1996 to secure that facilities for primary, secondary and further education include adequate facilities for recreation, social and physical training.
- S 22 Schools Standards and Framework Act 1998 (SSFA 1998) to be responsible for the maintenance of schools (Governors also have responsibilities).
- S 45 to give a financial budget to all maintained schools.
- S35 Education Act 2002 (EA 2002) to employ all staff in community, voluntary controlled or community special schools and maintained nursery schools.
- S 176 EA 2002, as amended, to consult with pupils, including pupils at any maintained nursery schools in any matter which may affect them in line with guidance issued.
- S 27 Children and Families Act 2014 (CFA 2014) to keep under review educational provision, training provision and social care provision made both in and outside of their area for children and young people with SEN or a disability and for whom they are responsible.
- S 508A to promote sustainable modes of travel to meet the school travel needs of their area including persons of sixth form age.
- S 508B to make arrangements to transport eligible children to and from qualifying schools at the beginning and end of the school day.

The Authority also has the following relevant powers:

- Ss 508B and 508C to provide transport to and from school.
- S 15A to secure facilities for Further Education.
- S 7 Education and Inspections Act 2006 to invite proposals for new schools from persons other than the Local Authority.
- S 65 CFA to access at any reasonable time all educational institutions including academies which have a child or young person with an EHC plan for the purpose of monitoring the education or training given.
- s 1(1) Local Government Act 1999 imposes a duty to “make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness”. The Council has fiduciary duties towards residents.
- S149(1) Equality Act 2010 imposes the Public Sector Equality Duty on the Council.

The PSED requires the Council to have "due regard" to:

- The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the EqA 2010 (section 149(1)(a)).
- The need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it (section 149(1)(b)). This involves having due regard to the needs to:
 - remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
 - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it (section 149(4)); and

- encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

Section 149(6) makes it clear that compliance with the PSED in section 149(1) may involve treating some people more favourably than others, but that is not to be taken as permitting conduct that would otherwise be prohibited by or under the EqA 2010 (this includes breach of an equality clause or rule or breach of a non-discrimination rule (section 149(8)).

(Section 149(3), EqA 2010.)

- The need to foster good relations between persons who share a relevant protected characteristic and those who do not share it (section 149(1)(c)). This includes having due regard to the need to tackle prejudice and to promote understanding (section 149(5), EqA 2010).

In taking decisions the Council must act lawfully, including acting within its powers, following its own procedures as well as those required by law, such as those relating to the opening and closures of schools and guidance.

The Council must ensure that all required consultations are properly undertaken in accordance with relevant law and guidance, and the Cabinet Office Guidance on Consultation, 2012.

It must make rational, evidence based decisions, take into account all relevant considerations and for a proper purpose, be compliant with the European Convention on Human Rights and make proportionate decisions that are properly reasoned.

It must seek detailed legal advice where required, for example in meeting the requirements of the PSED, school reorganisation, commissioning and on employment and procurement questions.

12. Proposed strategy

In order to meet the vision as set out the following 4 strategic priorities have been identified:

1. Creation of sufficient additional in borough special school places
2. Partnership working with mainstream Primary schools whose rolls are falling to seek viable solutions.
3. Partnership working over the coming five academic years with mainstream Secondary schools whose numbers are likely to be below PANS over the period 2022-2027
4. A long term sustainable use plan for all education sites in the borough

12.1 Priority 1: Creation of sufficient additional in borough special school places by 2024

Recommendations:

- We will seek expressions of interest from Primary and Secondary schools in relation to the running of 4 Additional Resource Provisions
- We find three potential special school expansion sites and work with our existing special schools to extend provision.
- Should the above 2 recommendations not provide adequate places to meet the growth identified above, we will consider the provision of a new special school.
- We will formulate a commissioning strategy to provide special school places for the Orthodox Jewish community in borough
- We will develop a commissioning strategy for the commissioning of specialist SEMH places for both primary and secondary pupils in borough.

In finding sites we will review the empty sites and those schools under financial pressure or who may benefit from moving site. Consideration of other council endorsed use needs to be a factor.

Options appraisals and subsequent statutory consultations will be initiated for:

- a) providing additional SEND places via the following routes:
 - i) Additional Resource provision in mainstream schools
 - ii) Extending existing special schools by size and or designation
 - iii) A new special school
 - iv) the re-organisation of mainstream primary places where feasible due to falling rolls (see priority 2)

12.2 Priority 2: Partnership working over the coming two academic years with mainstream Primary schools whose rolls are falling to seek viable solutions.

Recommendations:

- We will work with schools under particular pressure in terms of medium term (5 yr) stability and sustainability of pupil numbers and discuss with them plans to manage numbers and budgets: these include amalgamation options, federation options or to support differently to ensure they continue most effectively.
- We have a significant number of surplus reception places (17%) and are seeking to reduce this to levels around 5%. Further reductions will be made in September 2022/23 with additional proposed reductions for 2023/24. Sufficient capacity must be retained in the system to cope with a future surge in demand for places.

12.3 Priority 3: Partnership working over the coming five academic years with mainstream Secondary schools whose numbers are likely to be below PANS over the period 2022-2027

Recommendations:

- We will work with schools under particular pressure in terms of medium term (7 yr) sustainability at current size and discuss with them either plans to reduce 11-16 PANS or to support differently to ensure they continue most effectively. This is in the context

of the need for additional specialist places and the possibility of sixth form expansion at level 2, level 1 or entry level. Sufficient capacity must be retained in the system to cope with a future surge in demand for places.

- We will work with schools and Post 16 providers to aim to map a coherent and attractive Post 16 local offer that provides a range of courses accessible to all.

12.4 Priority 4: A long term sustainable use plan for all education sites in the borough for a ten year period

Recommendations: We will work with our partners and schools to achieve a long term sustainable plan for the education sites within the borough.

- One of the key aims of the strategy is to ensure that all use of council owned education estate is being optimised. Whilst this may mean a change of use within the education range of uses; the priority is to maintain educational use. If any parts of sites or sites are deemed surplus to education use and we are confident that there is sufficient capacity within the estate to provide for future education expansion, then sites could be opened up to wider council or alternative use to support the overall strategy. This will be considered in line with the emerging Asset Review Process and Corporate Asset Management Strategy.
- All education sites will be assessed to understand how each site performs using asset management principles.
- We will work with our partners to assess the investment requirements of education sites through condition surveys.
- All sites will be assessed for space utilisation using net capacity assessments and space (square metre) per pupil measurements to help understand the efficiency of use and improve space utilisation across the estate.
- We will work with our partners, schools and the Council's energy team to gain a better understanding of environmental sustainability within the estate including calculations of energy consumption and future improvements to help support the Council's target of net zero emissions across Council functions by 2040.
- The information collected through these measures will help inform the capital investment decisions and use of the school estate over the next 10 years.

13. Next steps

The above four priorities, feedback from consultation and expressions of interest will be used to form a number of implementation plans - these implementation plans will happen in stages and will include targeted solutions for our sufficiency and estate needs.

Development work within Hackney Education, the Council and with key stakeholders will formulate these detailed plans.

In 2022 we aim to have developed at least the implementation plan for Priority 1 (in separate phases) and then later the next Implementation plans for priority 2, 3 and 4.

The implementation plans will be developed in accordance with the timeline set out in Section 3 of the strategy and in order to align with both the council's internal governance and approval schedules as well as the Department for Education school organisation timescales.

Appendix A - Hackney Education's School Organisation Principles

Hackney Education's School Organisation Principles

Hackney Education's school organisation principles are set out in Appendix 3 of the School Organisation plan for 2020-2025 available [here](#). The principles, which include the following, are considered when bringing forward proposals for school organisational change:

- School popularity
- Number of surplus places
- Ofsted rating
- Suitability and condition of the building
- The school's budget/balance
- The school's resilience to withstand significant change
- Valuing the diversity offered by voluntary, independent and academy sectors in providing school places
- Valuing diversity in schools' intakes
- Believing that generally primary education should be provided in a mixed diverse environment
- Looking at the implications for early years when bringing forward proposals
- To positively support arrangements for schools with admission numbers in multiples of 30
- To generally support arrangements for all through 4-11 primary schools than separate infant and junior schools
- To aim to provide places within a 2 mile walking distance for children aged 5 and 7 and 3 miles for children who are 8 years and above, in line with DFE guidance
- Aim to avoid large geographical gaps in provision
- To ensure that school premises are well maintained, fit for purpose and meet all relevant national standards for space and health and safety.

Appendix B - Map of schools and children centres:

https://www.hackneyservicesforschools.co.uk/sites/default/files/document/A0%20Hackney%20Schools%20Map_July_2019.1.pdf

Appendix C - Equality Impact Assessment:

<https://docs.google.com/document/d/1Kw5YbRkcybjNRQqFHBTUDLOoD4EUa9KnwvJ-wGfgfZ0/edit?ts=60c3795a>

Appendix D - Hackney Children's Centre & Associated Sites

Planning Area A - North	Nursery	Management	Property
Woodberry Down Children's Centre (Strategic Multi-Agency) Spring Park Drive off Green Lanes, N4 2NP	LBH subsidised childcare places (37)	Hackney Education	LBH
Hillside Children's Centre 1 Leatherhead Close, Holmleigh Road, N16 5QR	LBH subsidised childcare places (41)	Hackney Education	LBH
Clissold Park One O' Clock Club Stoke Newington Church St, Stoke Newington, London N16 9HJ	No	Hackney Education % Woodberry Down CC	LBH
Planning Area B - North	Nursery	Management	Property
Fernbank Children's Centre 1A Fountayne Road, N16 7EA 020 8806 6622	LBH subsidised childcare places (60)	Jubilee School	Homerton NHS
Children's Centre at Tyssen (Strategic Multi-Agency) Oldhill Street, N16 6LR 020 8806 4130	LBH subsidised childcare places (52)	Tyssen School	School site
Lubavitch Chen's Centre 1 Northfield Road N16 5RL	LBH subsidised childcare places (37)	Lubavitch Foundation -Charity	Lubavitch Foundation
Ihsan Children's Centre 66-68 Cazenove Road, N16 6AA	Community nursery	North London Muslim Community Centre (NLMCC) - Charity	NLMCC
Planning Area C - Central	Nursery	Management	Property

Comberton Children's Centre 10 Comberton Road, E5 9PU	LBH subsidised childcare places (49)	Hackney Education	LBH
Linden Children's Centre (Strategic Multi-Agency) 86-92 Rectory Road, N16 7SH 020 7254 9939	LBH subsidised childcare places (58)	Hackney Education	LBH
Brook Children's Centre 1A Atkins Square, E8 1FA	Private nursery	Hackney Education (Linden CC leased to Roof Top private nursery)	LBH Adjacent to Mossbourne Parkside Academy
Planning Area D - East	Nursery	Management	Property
Clapton Park Children's Centre & Forest School 161 Daubeney Road, E5 0EP 020 8986 7437	LBH subsidised childcare places (56)	Hackney Education	LBH
Daubeney Children's Centre (Strategic Multi-Agency) Daubeney Road, E5 0EG 020 8525 7040	Co-located nursery class	Federation of Daubeney, Sebright & Lauriston Primary Schools	Co-located with School nursery class
Millfields Children's Centre Elmcroft Street, E5 0SQ 020 8525 6410	Nursery ceased 2020	Millfields Primary School	Adjacent to School
Children's Centre at Gainsborough Berkshire Road, E9 5ND	Community nursery	Gainsborough Primary School	Adjacent to School
Wentworth Nursery School & Children's Centre Granard House, Bradstock Road, E9 5BN	Nursery School	Wentworth Nursery School	LBH Housing Estate
Planning Area E - South	Nursery	Management	Property
Minik Kardes Community Nursery & Children's Centre 53-55 Balls Pond Road, N1 4BW	Community Nursery	Management Committee	Management committee lease
Sebright Children's Centre in Haggerston Park (Strategic Multi-Agency) Haggerston Park Queensbridge Road, E2 8NP	LBH subsidised childcare places (45)	Federation of Daubeney, Sebright & Lauriston Primary Schools	LBH

Comet at Thomas Fairchild Children's Centre Forston Street, NI 7HX	No	Comet Nursery School	LBH/ Thomas Fairchild School site
Comet Nursery School & Children's Centre 20 Halcomb Street, NI 5RF	Nursery School	Comet Nursery School	School site
Planning Area F -South East	Nursery	Management	Property
Ann Tayler Children's Centre (Strategic Multi-Agency) I-13 Triangle Road, E8 3RP	LBH subsidised childcare places (70)	Hackney Education	LBH
Mapledene & Queensbridge Children's Centre 54 Mapledene Road, E8 3LE	LBH subsidised childcare places (60)	Queensbridge Primary School	LBH
Morningside Children's Centre Chatham Place, E9 6LL	Community nursery	Morningside Primary School	Adjacent to School

Appendix E - [Send Needs Analysis Paper](#)

Phase 1A: Schools moving to feasibility stage

Phase 1A - more urgent need for places ASD, SLD . To be completed within the current SEND capital budget

Primary Schools moving to feasibility stage		
Phase 1A	Simon Marks	Simon Marks Primary School (ASD - 12 places, capital cost per place £12,500) = £150,000
	Nightingale	Nightingale (ASD - 12 places, cost per place £4.1k] = £50,000
Secondary Schools moving to feasibility stage		
Phase 1A	Petchey	Petchey Academy (ASD - 24 places, capital cost per place £12,500) =£300,000
Special School development		
Phase 1A	Side by Side	Side by side [Grant] - SLD (50 places, capital cost per place £10,000) = £500,000

Total estimate= £1,000,000 for 98 places.

This is within the current £2,700,000 High Needs Provision Capital Allocations (HNPCA) Hackney has been allocated.

Note that all cost per places are high level estimates at this time and more accurate figures will be known post feasibility studies. This is expected to be in June 2022.

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