


<p><b>GRANTS DETERMINATION SUB-COMMITTEE</b></p> <p><b>01 August 2018</b></p>	 <p><b>TOWER HAMLETS</b></p>
<p><b>Report of:</b> Corporate Director, Place</p>	<p><b>Classification:</b> Unrestricted</p>
<p><b>PLACE Ltd Modular Temporary Accommodation GLA Sub-Grant Agreement</b></p>	

### **Executive Summary**

In March 2018, the Mayor in Cabinet approved Tower Hamlets as the Lead Borough of the Pan-London Accommodation Collaborative Enterprise (PLACE) programme, and approved the incorporation of PLACE Ltd to deliver modular temporary accommodation on meanwhile sites.

The GLA has awarded £11M to the programme; as lead borough Tower Hamlets is the Grant Recipient. The Mayor acknowledged the requirement for further discussions to approve a Sub-Grant Agreement to allow PLACE Ltd to draw on the GLA Grant.

### **Recommendations:**

The Grants Determination Sub Committee is recommended to:

1. Authorise the award of grant funding of £11 million to PLACE Ltd through a Sub-Grant Agreement; drawing on the £11 million grant from the GLA awarded to Tower Hamlets, Lead Borough of the Pan-London Modular Temporary Accommodation on meanwhile sites programme.
2. Authorise the Corporate Director Place to enter into a grant agreement and make decisions relating to any associated matter to paragraph 1 above.

### **1. REASONS FOR THE DECISIONS**

- 1.1 On 20<sup>th</sup> March 2018, Cabinet agreed to establish a Company Limited by Guarantee (CLG), in order to expand the range of options for temporary accommodation for families, both in borough and across London. Delegated Authority was given to the Corporate Director (Place).
- 1.2 The CLG is called Pan-London Accommodation Collaborative Enterprise Limited (PLACE Ltd) and was incorporated on 29<sup>th</sup> May 2018.

- 1.3 The Cabinet noted the award of £11 million from the GLA Innovation Fund to deliver modular temporary accommodation on meanwhile sites through pan-London collaboration between London boroughs.
- 1.4 The Cabinet also noted that further decisions will be required at a later date to pass on GLA grant funding from the Council to the new Company. This Cabinet report covers these further decisions.
- 1.5 The decisions recommended are required to enable PLACE Ltd to draw on the GLA Grant funding. This is required to conduct the collaborative procurement of goods and services, and progress in to delivery of the programme.
- 1.6 Terms of the grant to PLACE Ltd will be covered by a sub-grant agreement that will be a contract between the parties to ensure compliance.

## **2. ALTERNATIVE OPTIONS**

- 2.1 There is the option not to award the Sub-Grant Agreement and withdraw from the Innovation Fund grant agreement with the GLA. This would result in a lost opportunity to lead and deliver better quality temporary accommodation both locally and across London as well as achieve General Fund budget savings by providing a cheaper alternative to B&B and nightly paid accommodation.

## **3. DETAILS OF THE REPORT**

- 3.1 PLACE Ltd is progressing in to delivery, undertaking a schedule of Procurements. A Sub-Grant Agreement is required to ensure PLACE Ltd can draw on the GLA Grant Agreement.
- 3.2 A company bank account and accounting system are being established that will facilitate reporting.
- 3.3 PLACE Ltd will appoint auditors to ensure compliance with the relevant finance regulations and relevant Tower Hamlets finance policies.
- 3.4 Please see Appendix A for the 20<sup>th</sup> March 2018 Cabinet Report detailing the programme in greater depth.
- 3.5 Please see exempt Appendix B for the Financial Viability Modelling undertaken to assess the feasibility of the programme with the GLA grant funding. This appendix is exempt due to commercial confidentiality.
- 3.6 Please see exempt Appendix C for the draft GLA Grant Agreement with Tower Hamlets as the lead borough for the Pan-London modular temporary

accommodation on meanwhile sites programme. This appendix is exempt due to commercial confidentiality.

#### **4. EQUALITIES IMPLICATIONS**

- 4.1 The proposed collaborative procurement and ownership company will provide cheaper and better quality temporary accommodation for homeless families, thus promoting improve life chances and outcomes for a group of people over-represented in terms of protected equality categories compared with the general population.
- 4.2 Modular homes will be specifically designed to comply with Planning requirements in relation to accessibility for people with physical disabilities.

#### **5. OTHER STATUTORY IMPLICATIONS**

- 5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:
- Best Value Implications,
  - Consultations,
  - Environmental (including air quality),
  - Risk Management,
  - Crime Reduction,
  - Safeguarding.

#### **5.2 BEST VALUE (BV) IMPLICATIONS**

This programme is intended to deliver cheaper and better quality temporary accommodation both locally and across London, achieving General Fund budget savings by providing a cheaper alternative to B&B and nightly paid accommodation.

The Tower Hamlets savings achieved will be monitored and reported to Members as part of the overall Homelessness budget position.

#### **5.3 SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

Making use of meanwhile sites pending regeneration or permanent redevelopment demonstrates an enhancement of the local environment in terms of amenity and place-making.

Landscaping and external space treatment will be integral to the Planning process for these sites.

Relocation and reuse of modular homes demonstrates more efficient use of scarce resources.

Factory production can reduce and eliminate construction waste.

#### **5.4 RISK MANAGEMENT IMPLICATIONS**

The Council will take on a liability to repay GLA Innovation Fund grant if grant conditions are not met and outputs are not achieved. The Sub-Grant Agreement needs to be a robust agreement to minimise risk for the Council. The sub-grant agreement will be drawn up by Tower Hamlets Solicitors.

The risks in relation to procurement, construction and ownership of the modular homes will be held by the company, not falling to the Council itself.

PLACE Ltd Directors will be filed on Companies House and will agree to the Articles of Association, the Governance Agreement and the General Notice of Interest.

#### **5.5 CRIME AND DISORDER REDUCTION IMPLICATIONS**

There are no specific implications.

#### **5.6 SAFEGUARDING IMPLICATIONS**

There are no specific implications.

### **6. COMMENTS OF THE CHIEF FINANCE OFFICER**

- 6.1 The Council is one of a group of London local authorities that has secured capital financing of £11 million from the GLA's Innovation Fund and a revenue allocation of £20,000 from London Council's Capital Ambition programme to develop modular temporary accommodation.
- 6.2 The Mayor in Cabinet on 20<sup>th</sup> March 2018 agreed that the Council would become a founding member of a company limited by guarantee – PLACE Ltd - that will procure and own modular temporary accommodation part funded through the Innovation Fund grant allocation. The GLA and London Councils require one authority to be paid the grant, so approval was also given for the Council to act as the accountable body in order to receive the grant funding and pass it to the company. In addition it was agreed that the Interim Divisional Director of Housing and Regeneration would be appointed as the company director.
- 6.3 This report seeks the approval of the Grants Determination Sub-Committee to enter into a grant agreement with the GLA in relation to the Innovation Fund

Grant and to authorise the award of grant funding of £11 million to PLACE Ltd through a Sub-Grant Agreement. The proposed grant agreement between the GLA and the Council is included as Appendix C.

- 6.4 A financial viability overview of providing modular temporary accommodation via a special purpose vehicle has been undertaken (see the exempt Appendix B) however detailed thorough specific appraisals will be undertaken before schemes progress. PLACE Ltd will establish an independent mechanism for financing the works, with claims for grant contributions being submitted to the GLA via the Council on the completion of appropriate project milestones. In order to mitigate risk, the Council will only pass funding to PLACE once it has been received from the GLA. Any surpluses that are generated by the company will be reinvested in the programme.
- 6.5 As the accountable body, the Council will be liable to repay GLA Innovation Funding if the grant conditions are not met or outputs are not achieved (see paragraph 5.4). It is therefore essential that the Sub-Grant Agreement and any other legal documentation protects the Council's assets and minimises its exposure to risk.

## **7. COMMENTS OF LEGAL SERVICES**

- 7.1 The grant funds have been given to the Council GLA only for the purposes of funding PLACE Limited as this was in the grant application proposal and is reflected in the grant terms. The grant terms are in draft format but should not be expected to change substantially in this regard. Therefore, the funds must be used for this purpose or returned to the GLA.
- 7.2 Any further financial commitment by the Council to PLACE either in a supportive way or by the purchase of accommodation from it would be subject to a separate approval process and therefore, the risk relating to this transaction should be considered to be low.
- 7.3 There are no equalities impacts in respect of the grant of funds.

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## **Linked Reports, Appendices and Background Documents**

### **Linked Report**

- Appendix A: 20<sup>th</sup> March 2018 Cabinet Report

### **Appendices**

- Appendix B: Financial modelling – 31Ten [NB: Exempt due to commercial confidentiality]
- Appendix C: draft GLA Grant Agreement [NB: Exempt due to commercial confidentiality]

**Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012**

- NONE

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