

# LONDON BOROUGH OF NEWHAM

## CABINET

<b>Is it a key decision?</b>	Yes
<b>Is it in the Forward Plan?</b>	Yes
<b>Date report published</b>	27/06/12
<b>Date of meeting</b>	05/07/12

**Subject:** Funding Agreement with the London Thames Gateway Development Corporation

**Source:** Community Infrastructure

**Wards affected:** All

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### **Purpose of Report**

This report seeks permission to enter into funding agreement with the LTGDC for the purposes of assigning affordable housing commuted sums with the London Borough of Newham

### **Recommendations**

The Mayor in consultation with Cabinet is asked to:

1. Agree that the Council enters into a funding agreement with the London Thames Gateway Development Corporation (LTGDC ) to receive affordable housing commuted sums in the sum of £6.5 million, once formal confirmation is received from LTGDC;
2. Authorise the Executive Director Operations in consultation with the Director Legal, People and Change to finalise the terms of and enter into a grant funding agreement subject to there being no reputation issues or legal impediment.

### **Reasons for the Recommendations**

The LTGDC is the accountable body for the expenditure of affordable housing commuted sums which arise from developments within designated areas in the borough, where it has been the body granting the planning approval.. The LTGDC will be subsumed within the London Legacy Development Corporation (LLDC)in September 2012. This report seeks to hypothecate confirmed and future commuted sums to the London Borough of Newham, ahead of that date.

**NAME OF LEAD OFFICER:** John East Director  
**POSITION:** Director of Community Infrastructure

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**Local Government (Access to Information) Act 1985**  
**Background papers used in preparing this report:**

- None

**List of enclosures / Appendices:**

- None

## **Report - Part A**

### **1. Introduction and Background**

- 1.1 The London Thames Gateway Development Corporation (LTGDC) is proposing that all present and future Affordable Housing Commuted Sums, generated by it in the borough, be hypothecated to the London Borough of Newham and spent on the delivery of affordable housing in Newham. The definition of affordable housing is sufficiently widely drawn to enable the Council to fund its affordable housing priorities.
- 1.2 These monies include a committed £1.5m payable over the next ten months and between £2million and £5 million which may be agreed on developments that have not yet started. For this reason recommendation 2 requests that officers be authorised the specific terms in the agreement to accommodate these unspecified details.
- 1.3 The Council will need to enter into a funding agreement with the LTGDC to secure this income. The Council's affordable housing programmes will fit the criteria of being affordable housing in Newham and is large enough to guarantee expenditure of all funds that may be produced from new developments.
- 1.4 Whilst the Council will have to enter into a funding agreement its exact form is not completely formalised. The Mayor is therefore asked to authorise the Executive Director Operations in consultation with the Director Legal, People and Change to finalise the terms and enter into the Grant Agreement.

### **2. Key Considerations and Sustainability**

- 2.1 The funding agreement will provide the Council with additional capital to fund its proposed affordable housing programmes including the 300 unit GLA funded scheme and NewShare. Specifically this will enable the Council to commence a street property purchase programme.

### **3. Service Delivery and Performance Issues**

- 3.1 The funding, when received, will be managed by Community Infrastructure as part of its overall responsibility for the delivery of new affordable housing.

### **4. Financial Implications**

- 4.1 The Council will be the accountable body for the funding and will be required to enter into a Grant Agreement in the form provided by the LTGDC. The funding will be used to create Affordable Housing within the borough.

## **5. Comments of the Finance Director**

- 5.1 The proposed Agreement with LTGDC will generate additional funding of £6.5m which will expand the Council's Capital Programme. This will be reflected in the next capital programme update report to Members.

## **6. Comments of the Legal Officer**

- 6.1 The Mayor is asked to approve the recommendations in the report for the Council to enter into a grant funding agreement with the London Thames Gateway Development Corporation (LTGDC) and to authorise the Executive Director Operations in consultation with the Director Legal, People and Change to finalise the terms and conditions with LTGDC.
- 6.2 “The Council is a Local Housing Authority as defined in Section 1 of the Housing Act 1985 and has powers to provide housing under Section 9 to properly maintain dwellings it rents out in accordance with the Landlord and Tenant Act 1985. Further the Council has a wide “general power of competence” under Part 1 Chapter 1 of the Localism Act 2011 which gives it the same power to act of that of an individual subject to other statutory provisions limiting or restricting its use. The LTGDC being a public body governed by statute (Local Government Planning and Land Act 1980) has the power to make grants for specific purposes. The proposed grant funding is compatible with the above legislation.
- 6.3 The report in Section 1 identifies the reason why the Council is being offered the money which is basically that LTGDC is being ceasing to exist from October 2012 and the sums stated are available to the authority for use solely in delivery of affordable housing in the borough. The report is before the Mayor by reason of the amount being over £500K and that a funding agreement is required.
- 6.4 The circumstances why the money is now being offered to the authority may not fit any grant agreement structure currently used by LTGDC and at this time the terms for receiving the money have not be fully agreed it is therefore sensible for authority to be given to the Executive Director Operations in consultation with the Director Legal, People and Change to agree the terms and proceed to execution of the final funding agreement. It is unclear at this time who will have the residuary function to administer the grant once LTGDC is dissolved but the authority should assume it will be an accountable body for the purposes of use of the funding.
- 6.5 There are no other legal and propriety comments to the report at this time.

## **7. Risk Management**

- 7.1 There are no identifiable risks in delivering the schemes that will arise from the proposals in this report.

## **8. Consultation**

- 8.1 Cllr Baikie, Executive Members for Housing and Customer Services, Cllr Hudson, Executive Member for Finance, Property and Support Services and Cllr McAuley, Executive Member for Regeneration and Strategic Planning were consulted during the drafting of this report.