

London Assembly Housing Committee - 19 October 2023

Transcript of Agenda Item 7 - Affordable Homes Programme 2021-26

Lord Bailey of Paddington AM (Chairman): Thank you to the Members and a very warm welcome to our guests. Can I start by saying hello to Hakeem Osinaike, Director of Housing, London Borough of Brent; Clare Miller, Chief Executive of Clarion Housing Group; Fiona Fletcher-Smith, Chair of G15 and Executive Chair of L&Q; Tom Copley, Deputy Mayor for Housing and Residential Development; Tim Steer, Executive Director for Housing and Land, Greater London Authority (GLA); and Heather Juman, Interim Assistant Director, Housing and Land, GLA.

As is our tradition on our committees, as a Chairman I will ask the first question. I would like to address this question to the Deputy Mayor and of course, if anybody else would like to support the Deputy Mayor, I am sure he will indicate to you. Two years of a five-year programme have been lost. What is realistic for the GLA to deliver from this starting point onwards?

Tom Copley (Deputy Mayor for Housing and Residential Development): Thank you very much, Chairman. Good morning to the Assembly Members. The Mayor continues to be committed to delivering affordable homes to Londoners and that is especially important in a context where we know now that one in 23 children in London - that is one child in every average London classroom - is living in temporary accommodation (TA). So meeting the previous target of 116,000 affordable homes by 31 March [2023] was an extraordinary achievement in spite of all the major headwinds out there, and a testament to the hard work of our delivery partners, three of whom are on the panel today.

But of course, as you say, Chairman, we are here to talk about the 2021-26 Affordable Homes Programme (AHP), and I am keen to speak frankly to the Committee about the frustrating delays that we have dealt with as part of trying to get this programme up and running. Delays that have largely been caused - I must say - by the Department for Levelling Up, Housing and Communities (DLUHC) and the Government that prevented us from signing contracts for nearly a year, which has partly required us to do a major reprofiling exercise of many bids, which I will be coming on to.

I would also like to speak to the Committee today about the extremely unfavourable market conditions, which has also led to some unavoidable delays, especially when set against the aforementioned DLUHC sign-off processes. Experts are now forecasting a decline in housebuilding and that is housebuilding across the board, not just for affordable housing delivery partners, but for home builders up and down the country. These macroeconomic headwinds were felt particularly acutely after the September 2022 Mini Budget, which landed in the untimely context of an economy already struggling with the impacts of Covid-19, the war in Ukraine, and Brexit. I trust that my fellow external panel members will also be able to explain some of the practical realities of dealing with these challenges and the impact that is having on the supply of new pipelines.

In response to these challenges, I have convened the London Housing Delivery Taskforce (LHDT) several times, firstly in December last year, and then twice again in August and September this year. The aim of bringing together this group, which brings together leaders from across the housing sector, the aim has been to drive forward collective lobbying within the sector to try to convince Government to intervene to help in these very, very difficult times.

My team has also successfully negotiated with the Government to win major flexibilities to the AHP to maximise delivery of the programme. We continue to push for more AHP flexibilities, including through the work of the LHDT. But ultimately it must be said that there are many factors, many delivery challenges, simply beyond the Mayor's control. We will be grateful of course if the Committee could amplify the scale of these challenges through your work and through this Committee investigation, which is particularly timely given the timing of the upcoming Autumn Statement [November 2023]. I will leave it there, Chair.

Lord Bailey of Paddington AM (Chairman): Thank you for your answer, Deputy Mayor. We certainly will try to amplify it as a Committee because we do accept there are challenges. But your answer makes it everybody else's issue, not your own. Speaking to your team, there was an admission that their focus on delivering your previous housing target meant that they had no time, no capacity, had no focus on delivering this forthcoming target. Therefore, do you believe your team lacked the capacity or you had not done enough work for your previous housing target, what was it that took all your attention away to deliver that one target?

Tom Copley (Deputy Mayor for Housing and Residential Development): To be clear, we laid on more capacity on a temporary basis within the Housing and Land Directorate [of the GLA] in the months leading up to the 31 March [2023] deadline in recognition of the fact that it did require a huge amount of heavy-lifting, as I am sure you would all understand, to get us to that very high number.

But, throughout that time, work was ongoing on the 2021-26 AHP. To give you a bit of a timeline, of course we opened for bids back in April 2021. We reviewed the bids in June 2021. We were ready to get into contract with our delivery partners and then the Government, there was some sort of dispute between DLUHC and the Treasury and we were told, "Hold it. No contracts to be signed." Then it was in October last year [2022] that we finally had the green light to get into contract. Bear in mind, we cannot ask delivery partners to start homes unless the contracts have been signed. At that point, of course, the world had changed, and costs had massively risen, the economy was in a much worse state, and then we had to go through the reprofiling exercise. It was not until 17 July this year [2023] that final programme was signed off by the Secretary of State [for Levelling Up, Housing and Communities]. It is incredibly difficult to deliver in those circumstances. There were schemes that could have started prior to 31 March had that huge delay caused by the Government in terms of getting into contract not taken place.

Lord Bailey of Paddington AM (Chairman): You are saying that delay with the Government meant that any and all of the work you had done before that point was stopped, so you had things in a pipeline, you were ready to go, you had significant numbers, is that what you were saying?

Tom Copley (Deputy Mayor for Housing and Residential Development): There were things that could have started but had to be pushed back and pushed back. Then it is worth saying as well, Chairman, what I would add by the way is it is not ideal running two programmes concurrently, that is absolutely true, but that is simply because the Government decided to launch the 2021-26 AHP when it did. It is not ideal. But there were homes that could have started. However, then of course we were also swept up with other factors like the second staircase issue, which I am sure we will want to come on to today. Therefore, the more that we were delayed, the more issues piled up and pushed against delivering, which is what we want to do.

Lord Bailey of Paddington AM (Chairman): I get that, because in your world there is always going to be a new issue, and I accept that the delay meant that you were collecting issued maybe at a pace that you naturally would not have done. What I am trying to focus in on here, did you have substantial - or any - pieces of work ready to go before these things happened? Because you had to run two AHPs concurrently. You seem to suggest that you were doing your 2021-26 AHP fine and then the Government paused it. Right, we all see that. Did you have anything in the pipeline and, if so, at what scale?

Tom Copley (Deputy Mayor for Housing and Residential Development): What I am saying is there were things that were potentially able to start prior to 31 March that could not because of the delay. The primary focus at that time was on - understandably - delivering the AHP with the hard deadline. But there was stuff that could have come through.

Lord Bailey of Paddington AM (Chairman): Thank you. Assembly Member Devenish.

Tony Devenish AM: Very briefly, I am prepared to give money to charity for the Deputy Mayor if we can hold a whole meeting without blaming the Government for absolutely everything. Surely there is more that you could have done, Deputy Mayor. It is not always, always the Government's fault. We are coming to this later so I will not take the thunder, but there is a question later about why you are the only authority, the only part of the UK, that has not got this AHP started. Everybody else seems to have managed to do so. All I would ask is sometimes we focus on the powers that you have and not always blame the Government for absolutely everything. Thank you, Chairman.

Lord Bailey of Paddington AM (Chairman): Thank you for that.

Tom Copley (Deputy Mayor for Housing and Residential Development): Was that a question? I mean it is hard not to blame the Government at the moment. I do not think it is just me who is blaming the Government, Assembly Member Devenish. It is hard to find anybody who is not blaming the Government at the moment. Anyway, we will not steal your thunder, we will come back to that.

Lord Bailey of Paddington AM (Chairman): OK, I will come back to you, Deputy Mayor. Let me maybe start with Clare. As delivery partners of the GLA, what is your view on how the GLA has managed the bidding and reprofiling process?

Clare Miller (Chief Executive, Clarion Housing Group): We work very closely with the team here at the GLA. But I have to echo that some of the challenges that we have faced in the delivery of our programme are macroeconomic and are outside the control of even the very hardworking officers here. To give you an example, interest rates, inflation, planning delays, these are all things that have had a significant impact on our ability as a delivery partner. Do not get me wrong, we are a housing association, our *raison d'être* for being in business is to deliver new homes. I will do everything within the financial envelope that we have in order to maximise the output of new homes.

But it is also true to say that we make decisions for the long run. Therefore, if I purchase a bit of land with the intention of building new homes on it, all of these things that I have just mentioned can mean that between the decision to buy and the process of building, the economics of that individual scheme can change beyond recognition. That is why it is so important for us to work alongside your colleagues here at the GLA to make sure that the support arrangements that are in place, principally through grant, help us to be able to deliver those things.

Lord Bailey of Paddington AM (Chairman): OK. Can I ask the same question to other panel members, maybe Hakeem first?

Hakeem Osinaike (Director of Housing, London Borough of Brent): Thank you, Chairman. I will echo Clare's words around the relationship with colleagues in the GLA. My borough, Brent, we have a really good relationship with colleagues in the GLA. There is a shared objective of us wanting to deliver really good quality and truly affordable housing for people in London. The macroeconomic issues that everybody is aware of, if

we look back a bit, it is almost a good coincidence that we did not start the programme early, because at that time there was serious turbulence in the market, which then enabled us to renegotiate our targets with the GLA and they were willing to have that discussion with us. So now we have a reduced number of homes to deliver but at least it feels more deliverable than it looked at the time that the AHP was supposed to start. Therefore, I would not say it is all negative that it did not start at the time that it should.

Lord Bailey of Paddington AM (Chairman): Interesting, thank you. Fiona?

Fiona Fletcher-Smith (Chair, G15, and Chief Executive, L&Q): Thank you. Now, you would expect me to say this, but the GLA team are fantastic to work with. It is not simply that I do not want to bite the hand that feeds, because, as Tom and the team know, I have a fairly vicious bite behind closed doors when I need to. But I would echo what Hakeem said. It really suited us all that there was a bit of a delay in signing the contracts. As charities, we cannot start work on anything where we do not have certainty of grant, and we cannot do that unless there is a signed contract between the Government and the GLA and therefore between the GLA and us. But the factors that were occupying our minds at the time, as well as interest rates and inflation and labour shortages, which I am sure we will talk more about today, the G15 members are also concentrating on the safety of residents first, investing in existing homes. If I use L&Q's figures to start with, we are spending £450 million on fire safety work at the minute. Therefore, it suited us all that there was a slight delay because we are busy investing in homes. Getting ready to build again is something that we were glad of the time, frankly, to get our house in order to go again.

Lord Bailey of Paddington AM (Chairman): Thank you. It is very interesting to hear that the pause had some benefit. I think Assembly Member Devenish's frustration comes from the fact that there are some debates that even the Government cannot affect and sometimes the conversation is gently politicised to support people's point of view, but here we go. I will put this to the Deputy Mayor. What has been the impact of having to deliver both of the AHPs simultaneously?

Tom Copley (Deputy Mayor for Housing and Residential Development): As I say, Chairman, delivering two different AHPs with different programme requirements overlapping is not ideal. As we have just been discussing, of course in reality, because of the various delays, starts on this AHP did not come in until after the end of the current AHP. However, as I have set out, that does not mean there was not an awful lot of work going on, both the initial bidding round, working with partners on those bids, getting partners familiar with the different requirements of the different programmes, and still sometimes there occasionally can be confusion about the kind of tenures that we are able to fund, who is imposing different requirements, whether the requirements come from us or the requirements come from the Government, there are all sorts of differences within the 2021-26 AHP compared to the 2016-23 AHP. Obviously, that has taken a bit of time for delivery partners to get used to, and for us to get used to as well, I think it is fair to say.

Tim Steer (Executive Director of Housing and Land, Greater London Authority): Heather might want to say a bit more about the practicalities of this, but it has been complex, the AHPs are different, and not only have there needed to be a set of discussions with delivery partners, but also with Government officials too. Last autumn [2022], when we were really working very hard with officials in DLUHC to try to get the best outcomes from the 2016-23 AHP and negotiating for some additional flexibilities there to enable us to do that, but we were also needing to have really intensive discussions around the 2021-26 AHP too and coming to that agreement with them to enable us to re-baseline that programme with partners at a more-realistic assessment of what their programmes should be. Those two conversations needed to go on in parallel and the team did incredibly well to manage that situation of that crossover. But they managed it very effectively indeed. Heather will have more of that practical colour.

Heather Juman (Interim Assistant Director, Housing and Land, Greater London Authority): The only thing I wanted to add is it is very unusual for the Government to offer for us to re-baseline a programme after it has commenced and we really, strongly welcomed that and it came as a result of, not only effective lobbying nationwide, but also really good information that came from our partners that allowed us to feed in and make the case for that change to be made. Therefore, we did welcome that but the challenge, as I say, is that we did have to start it in March [2023] and we are very grateful to partners who were trying to do all of their year-end work and get their new bids in ready in really constrained circumstances in the case of some teams that had been cut down. I just wanted to mention that.

Lord Bailey of Paddington AM (Chairman): Thank you. Because the reprofiling does seem like a very particular piece of work.

Tom Copley (Deputy Mayor for Housing and Residential Development): Can I say as well, extremely grateful to partners for everything that Heather said, and also for ultimately signing the contracts when they did on the basis that we would reprofile. Because that was a bit of an ask, saying, "Sign the contracts now and then we will do the reprofiling exercise and we will reduce your figure in order that you will be able to deliver." I am very grateful to partners for that and I completely concur with what Tim and Heather have said about negotiations with DLUHC. There is a good relationship at official level between our team and the officials at DLUHC and there have been some welcome changes that we have seen as a result of that.

Lord Bailey of Paddington AM (Chairman): My final question would be, was there any benefit, because to an outsider it might look like the simultaneous issuing of both of these AHPs meant that more houses will arrive more quickly. Yes, I accept it means a lot more work for you, and congratulations for getting it done, but will that ultimately be a benefit of this?

Tom Copley (Deputy Mayor for Housing and Residential Development): It is an unusual situation. The issue that we have is all of this is mixed in with - as well as the delays that we had - the general macroeconomic circumstances. As a result of all of that, unfortunately, as you know, and we have made the Committee aware, we had to reduce that headline target from 35,000 down to a range of between 23,900 and 27,200, with the consent of DLUHC, and Homes England were in the same boat as well. We of course have been pushing for the Government to top up the funding to take us back to 35,000 and, ideally, we would like even more funding than that in order that we could support the sector to deliver at a scale that matches need.

The further things I would say is I think it is quite unusual in any case for two programmes to run concurrently. What has happened in previous years is that programmes have been rolled into each other rather than having two programmes operating simultaneously, instead of one programme and one target, they have simply been rolled ahead. It is quite unusual that we had that hard deadline on 31 March [2023], where it was use it or lose it essentially. Then having that other AHP running concurrently. So it was quite an unusual set of circumstances overall.

Lord Bailey of Paddington AM (Chairman): It sounds like your team, DLUHC, and your delivery partners rose to the challenge, so congratulations for getting that done. I am going to move on now to Assembly Member Baker.

Elly Baker AM: Thank you, Chairman. Thanks to the panel; it is good to see you all this morning. I am continuing on a similar subject on this line of questioning. Tom and your team, in terms of the delays in starts that have come from all of the things that we have been discussing so far, what mitigations are the GLA putting in place in order to make sure you can continue to deliver?

Tom Copley (Deputy Mayor for Housing and Residential Development): I will come in first, if that is OK, and then I will bring in colleagues. The first mitigation we have already touched on, which was the reprofiling exercise. That was a recognition that the previous AHP that partners had bid for, the world had changed, those numbers were undeliverable given the rising materials costs and rising financing costs in particular. Therefore, we renegotiated the AHP in order to reflect that and to give partners in each AHP a much more realistic chance of delivering.

We also negotiated with DLUHC - as we touched on - a number of flexibilities around the programme as well in order to make delivery easier. The key thing that came from that, the biggest change and something the sector was really pushing for, was the change on estate regeneration. Previously, the Government had said, "We are capping your acquisitions up to ten per cent so that you cannot buy homes to replace on estates unless they are classed as obsolete". That essentially rendered estate regeneration in the 2021-26 AHP very, very difficult.

Michael Gove [MP, Secretary of State for Levelling Up, Housing and Communities] then had a complete U-turn, I would say it was a complete *volte-face*, and decided that, "No, you must use the remainder of the AHP, the bit that we have not already allocated, you must focus that on estate regeneration instead", and they changed the rules around acquisitions and around obsolete homes and things like that in order that we could do that. That was very welcomed by the whole sector because it opened up a whole new set of sites that could be brought into the AHP.

The final thing I would say going forward is, in reconvening the LHDT, we have come up with a set of proposals to go to the Government, which would provide even greater support to the sector, stuff around funding, stuff around planning, and around certainty and things like that. Tim?

Tim Steer (Executive Director of Housing and Land, Greater London Authority): It might be helpful, because I have been thinking about this in my own way, which is helpful for me, and I see responses at three levels. There is a project-level response and that is the kind of work that happens every day between Heather's team and the teams in our partners to really try to ensure that we are finding ways to enable projects to come forward. Towards the end of the previous AHP, we were really in that mindset of creativity and that kind of joint working to make projects happen. We have managed to stay in that mindset and that is the way we are thinking about the projects, we are trying to really get some delivery this year and over the course of this AHP. Heather might want to say a bit more about that kind of project level interactions between the organisations because that is at the heart of all of this.

Then at a slightly higher level, the kind of work that Tom is talking about with the LHDT, this is where we want some tweaks to our agreement with Government. We have really been pleased, as Tom says, to get the agreement from Government to re-baseline the programme and that has been so important. But there are still some other things which we would like from them. There are things around the completion longstop dates, which are getting in the way of our discussions around some projects. So we are continuing to have those kind of discussions with Government and we hope that our relationships and the risk-based approach that we are trying to take with officials, so that we can say, "Here is the risk we are facing, here is the cause of that, and here is the mitigation", will continue to enable us to get some of those tweaks that we are looking for in there.

Then there is that much higher-level strategic thinking, again some of which came through the LHDT, but we know there are some issues around long-term certainty of funding, which are really important. If we are going to enable delivery successfully, we have to be able to say with certainty that we are going to have funding in the period beyond 2026. We have to know that we are going to be able to use it flexibly. There are some

constraints, which have crept into this AHP and our agreement with Government within this AHP, which we think there is a good case for removing, in longer-term funding.

So we are thinking at all three of those levels to try to ensure we have that pipeline coming through over the medium to long term.

Elly Baker AM: Sorry, just before I bring you in, Heather, in terms of longer-term funding after 2026, what is the practical impact in not having that clear?

Tim Steer (Executive Director of Housing and Land, Greater London Authority): Yes, Fiona might want to come in on this.

Fiona Fletcher-Smith (Chair, G15, and Chief Executive, L&Q): Yes, absolutely. If we take 2026 is less than three years away, the average development will take somewhere between five and seven years, therefore because of the financial constraints we are all under at the moment we cannot make any firm decisions on that. Could I just add, one of the other areas of long-term certainty that we also need is rents. The rent-capping this year at six per cent, while we absolutely understand the cost-of-living crisis makes that absolutely essential, that took £1 billion out of the G15 in terms of our ability to invest in homes or develop. Over a ten year period, that rent cap takes the guts of £30 billion out of the sector. That is the kind of money that, again, it is gone forever.

Elly Baker AM: Thanks. I am definitely not trying to put words in your mouth, these are my words, but that emphasises why the Government's position and what money they are putting in is absolutely crucial to this conversation and why it continued to come up. Heather, please?

Heather Juman (Interim Assistant Director, Housing and Land, Greater London Authority): I just wanted to add that, because the number of starts have been obviously low at the beginning of the year [2023], in the first two quarters, you might think it has been a bit of a lull for the GLA. I wish that was the case and it definitely has not been.

Elly Baker AM: It is not linked to you not doing anything, no.

Heather Juman (Interim Assistant Director, Housing and Land, Greater London Authority): Yes, exactly. Whereas, what we have had to do is, perhaps in the past we might have the more traditional relationship where we say, "Here are your targets for this quarter and when are you going to hit that?", we are not in that situation now. Partners are coming to us and saying their whole programme is extremely challenging, so we are going through, both on a strategic level and their programmes as a whole, but individuals projects as well, saying, "What can we do? What can we do together? What can we help broker with other organisations? Do we need to make some changes on tenure? Do we need to move from some extremely complex high-cost schemes perhaps to ones that are more based on acquisitions and potentially launching a Right to Buyback Scheme 2 (RTB2) programme? Can we talk about cashflow? If we pay some of these projects earlier, you will get a bit more in the bank, and we can pay a bit less later." Therefore, we are really talking in detail with partners about what we can do to mitigate, and to try to look at what we can do rather than what we cannot do.

Elly Baker AM: Thanks. That is really interesting and it feels like that, although obviously this work now has to be done in that way because we have to continue to deliver, the lack of certainty around funding and the delays because of the wider economic situation really then generate a lot of work, which is not directly about just getting the homes delivered in the first place, it is all about managing the changes to that. That must be

very difficult. I would like to go over to Hakeem, Clare, and Fiona, and ask - Fiona has already said a little bit of this - but what impact the delay to starts under the programme has had on your organisation's delivery. Hakeem, did you want to come in first?

Hakeem Osinaike (Director of Housing, London Borough of Brent): As I mentioned earlier, it has given us time to rethink because of all the other issues that were happening at the time. Again, it enabled us to renegotiate our target and the renegotiated number is informed by a lot of factors and we believe at the time that was deliverable. It enabled us also to look for more opportunities. Because of the macroeconomic issues, in our borough for example, land is a rarity and, therefore, we had lots of schemes where it is only one and two properties. It gave us time to look for larger sites and also to start talking to private developers about getting in early to purchase some of the schemes that they are building.

Elly Baker AM: Thanks very much. Clare?

Clare Miller (Chief Executive, Clarion Housing Group): I agree with my two colleagues, but long-term planning for us is absolutely key to having the confidence to be able to take the risks. At the start of any development that is what we are doing. We are taking a bit of a leap of faith that, based on good relationships, we will be able to negotiate a proper settlement so that we can build out, but buying land five to six years ahead of a rental stream is a risky proposition. All you can do in those circumstances is to take a sensible amount of risk, therefore I cannot bet the organisation in order to deliver in five years' time. That is the mindset that we are in.

Elly Baker AM: Thank you. Fiona, it is your turn.

Fiona Fletcher-Smith (Chair, G15, and Chief Executive, L&Q): I would just add a little bit more context to all of that. Just to give you a very stark figure, in the previous AHP, L&Q built about 11,000 homes. This time around, we were only bidding for 1,000 roughly. That has nothing to do with the quality of this team or the amount of money available. That is all to do with a number of things, which is about the fact that we will spend £3 billion over the next ten to 15 years on existing homes. Interest rates last year [2022], we carry a loan book of about £5 billion, therefore interest rates added about £200 million, or took £200 million revenue out of our business to service those loans. The cost of capital is just one of the issues. It is still uncertain because inflation did not go down as expected yesterday, therefore we do not know what is going to happen to rates. Inflation, we see a headline of 6.7 per cent yesterday [18 October 2023], but to give you more context, inflation in construction and in repairs and maintenance runs anywhere between 25 per cent to 43 per cent depending on the aspect of the work you are doing.

Uncertainty generally, it is not just uncertainty about money and income streams, it is the policy uncertainty that is around at the moment, whether that is to do with second staircase or what the replacement for a gas boiler is going to be. Also, in London particularly, supply chain issues. They run from can you get the labour and materials to we have seen some high-profile companies go bust. All of that means that we are not able to build. Just a final point, and I do not want to make this sound like a love-in, but to emphasise the flexibility that the team use in trying to solve the problem.

One of the other key partners in delivery in London for housing are our local authorities. Our local authorities are burning through - this is an unscientific figure - but I am told they are burning through about £60 million a month keeping people in TA. We have seen a 781 per cent increase in families spending more than six weeks in bed and breakfasts (B&Bs). Therefore, local authorities no longer have the capacity they had to build. Where the GLA and the boroughs have come together with us at the G15 is to work on a very innovative project to look at those homes that we have built, for example, for sale that we cannot sell in this current

market and see if we can flip those into a different tenure that allows our local authority partners to have proper, decent homes for people, rather than keeping families in B&Bs. We took the idea to Tim and the team with London Councils, and they have been brilliant. We have not cracked it yet, nowhere near cracking it, it is pushing water up a hill a bit at times, but everybody is turning their creative minds to it.

Elly Baker AM: Thanks very much, Fiona. Just finally back to you, Tom, we have touched on this several times around the reprofiling of the targets, but just to see whether you can pin it down a little bit more. To what extent is the delay to the AHP responsible for the target having to be reprofiled compared to all the other factors that are obviously really important as well?

Tom Copley (Deputy Mayor for Housing and Residential Development): It is a really difficult one to quantify because it is kind of all wrapped up together.

Elly Baker AM: Go on, give us a number then.

Tom Copley (Deputy Mayor for Housing and Residential Development): That is the one thing I cannot do probably is give you a number.

Elly Baker AM: No, I know. But if you can give us a feel for how you feel those factors --

Tom Copley (Deputy Mayor for Housing and Residential Development): Yes. I mean the delay certainly pushed things down the road, which meant that by the time we were going to contract partners were looking at the profile saying, "We cannot do that". Of course, had we got into contracts at the time, it is possible that we would have run into the same issues anyway down the line because, even if we had got into contract much earlier on, that would not have stopped Liz Truss' [former Prime Minister] Mini Budget [September 2022], for example. Therefore, I think that the macroeconomic circumstances have been themselves the biggest challenge. But the delays getting into contract have certainly not helped us.

Elly Baker AM: It sounds like it affected it quite a lot, but we may have pretty much been in the same situation anyway.

Tom Copley (Deputy Mayor for Housing and Residential Development): The economy was going the way it was going regardless of whether we got into contract.

Elly Baker AM: OK, thanks very much. Back to you, Chairman.

Lord Bailey of Paddington AM (Chairman): Hakeem, did you want to make a comment?

Hakeem Osinaike (Director of Housing, London Borough of Brent): We might come to it later, but it is some of the things that Fiona has said that I wanted to say more on. If there was a time that local authorities and housing associations should be building more homes and doing it quickly, it would be now. Because the amount of money we are spending managing homelessness at the moment across London, and the country in fact, is ridiculous. We would all be better for it if we were using that money to build new homes. But unfortunately, we cannot for so many reasons.

Therefore, I have a new target with the GLA at the moment, but I am hesitating to give absolute confidence that I can deliver it. Meanwhile, in the last AHP, I kept asking for more money because we could build a lot more at the time. In this situation, it is really, really dire, because at the end of the day the money we are spending on managing TA and managing homelessness generally is still public money, and in my view that

money will be better spent if it is used in building new homes. So the Government has to do something about this. We have been having those discussions and it does not seem to be having any effect.

Lord Bailey of Paddington AM (Chairman): Thank you for that. Could I just bring in Assembly Member Berry.

Siân Berry AM: Thank you very much, Chairman. I wanted to come back to the question about the new allocation of funding to estate regeneration, since you brought it up, Tom. Can I get this clear, this mirrors what you said just now, mirrors an answer you gave to Lord Bailey in a written question, which is 2023/3379 if you wanted to look that up. But it says the same thing as roughly what you have just said. For clarity, the £1 billion is not new money?

Tom Copley (Deputy Mayor for Housing and Residential Development): No.

Siân Berry AM: It is just differently allocated money from the existing pot?

Tom Copley (Deputy Mayor for Housing and Residential Development): To be very, very clear, Michael Gove, in his speech, said it in a way that suggested it was new money.

Siân Berry AM: That is very common from Ministers, yes.

Tom Copley (Deputy Mayor for Housing and Residential Development): But it is not, it is simply the remainder that we did not allocate in the first bidding round. If you remember, we allocated 87 per cent or something like that in the first bidding round.

Siân Berry AM: Great, OK. You are still asking for more money to make a new RTB2 fund, so that money that they have said for estate regeneration is not going into RTB2 or conversions, as Fiona was talking about. But you have managed, and you already had quite a loose definition of what is obsolete essentially, I have been talking to you about this, any council can say that these homes are obsolete and claim for the previously quite restricted obsolete homes grants. But you have now completely relaxed that so that any estate regeneration that is demolition and replacement can claim a full grant. That is right, is it not, within the £1 billion?

Tom Copley (Deputy Mayor for Housing and Residential Development): Can I clarify?

Siân Berry AM: Go on.

Tom Copley (Deputy Mayor for Housing and Residential Development): Within the programme, originally there was a ten per cent cap on acquisitions unless the homes were obsolete. That acquisitions cap is now 30 per cent, however acquisitions of second-hand homes is still at ten per cent. Therefore, between ten per cent and 30 per cent that can be acquisitions of off-the-shelf developer builds a block and it is a new build, and it is converted over into affordable. Second-hand homes is still that acquisitions cap within the programme of ten per cent unless the homes are obsolete.

Siân Berry AM: OK. So 20 per cent of the whole programme can now go on demolition and rebuild as part of estate regeneration?

Tom Copley (Deputy Mayor for Housing and Residential Development): Where did the 20 per cent come from?

Siân Berry AM: You said it was 30 per cent acquisitions and ten per cent was limited to the supply side of things.

Tom Copley (Deputy Mayor for Housing and Residential Development): It is ten per cent within that 30 per cent, so ten per cent of the programme is for second-hand acquisition. On top of that there is another 20 per cent that can be used for off-the-peg, which would not be used for estate regeneration because that is just buying new-build blocks and converting them into affordable, which is quite standard practice.

Siân Berry AM: OK. That is a bit better, because the worry for me with estate regeneration - and I think you agree with me - when you first had this new restriction on subsidising homes that were not "net-new", this was welcomed by you, welcomed by me, as something that would ensure that we were genuinely getting net-new council homes. The worry I have with putting more of the existing money into estate regeneration is that you will be losing a home and replacing it and it might be a bigger home, it might be a nicer home, it might have a balcony and that. But still, that is zero, that is net neutral. Whereas the acquisitions that we are talking about or the conversions, they are existing homes, so they are not new homes, but they are new council homes, new social homes. But the building of new homes, that is even better, because that is net a new home and net a social home. So what you are doing, with those three options, you are putting more of the existing money into the worst of those three options. That is going to bring down the new council housing we get out of this scheme, is it not? I know you put a spin on it, but that is the result.

Tom Copley (Deputy Mayor for Housing and Residential Development): No, I do not agree with you. You sort of already touched on it because when these homes are being replaced, they are being replaced with new, modern homes that meet modern space standards. Too often we think of things in terms of units. What we are delivering here is more council housing, even if it is a replacement unit, because generally you are replacing with higher levels of floorspace. At a very minimum level it has to be the same level of floorspace because that is what is required in the London Plan, but usually what we see is a big increase in floorspace. That is because delivery partners are replacing small, obsolete units - that we would consider to be obsolete and that we would not build today --

Siân Berry AM: I know a lot of the residents do not consider them to be obsolete, this is part of my problem.

Tom Copley (Deputy Mayor for Housing and Residential Development): Can I just add something as well, the other thing, and you have heard Fiona and our other panellists speak very clearly about the costs of maintenance and repairs and things like that. Housing associations and councils need to look very strategically at the stock they have. What is it worth investing in, retrofitting, do infill on, maybe top-hatting, that kind of thing, what is it worth doing that to and what is it better, given that some of the stock is reaching the end of its useful life, really, to rebuild? I would not want our partners to be diverting lots of funding into homes that really are not that great to live in and have reached the end of their useful life.

Siân Berry AM: OK, there are three things I want you to go away and come back to us with in terms of the impact of this. Because what you have not mentioned in extolling the virtues of replacing a home is the time that home is out of action. Because the homelessness that Hakeem talked about is not solved, in fact is made worse, there is additional pressure on the housing waiting list while a home is demolished, because those people need to be decanted.

Lord Bailey of Paddington AM (Chairman): Assembly Member, can we wrap this up?

Siân Berry AM: I would like you to go away and come back to us with a figure of additional opportunity cost within the housing programme from this change. I would also like you to go and get a view from the London Housing Panel on this because I do not believe they were asked in advance of making this change, although obviously it came from the top down, but I would like you to get their views and put them on record. The third thing I would like you to do is look at the change in the carbon impact of the programme as a whole between what it was before and what it is with this additional demolition. Because I think it will have gone up and I do not think that is the right thing to be doing at the moment either.

Tom Copley (Deputy Mayor for Housing and Residential Development): Can I say, on your first point, and we will come back and write to you on the others, in terms of homes being out of action, the best practice – and this is not always possible – for estate regeneration, as we know, is for a new block to be built, residents to be moved in, and then the old block to be taken down. Not always possible, not always practical, but that is the best practice. Therefore, it is not necessarily the case that a block is removed and then it is a long wait before new homes are built to replace it.

Lord Bailey of Paddington AM (Chairman): OK, thank you.

Siân Berry AM: Chairman, as long as we have a commitment to come back to us on those three points.

Tom Copley (Deputy Mayor for Housing and Residential Development): I am sure, as ever, the Assembly will be diligent in writing to me with a list of questions that Members have that we could not answer today.

Lord Bailey of Paddington AM (Chairman): Thank you very much for that, Deputy Mayor. We are going to take a two-minute adjournment so that myself and the Deputy Chair can swap seats. Thank you.

[The meeting adjourned at 10.47am, reconvening at 10.49am.]

Sem Moema AM (Deputy Chair in the Chair): Thank you, everybody. We will take the next series of questions, Assembly Member Devenish.

Tony Devenish AM: Thank you, Chair, you look much younger than you did a couple of minutes ago. Good morning, panel. Before I ask my question on the thing, the most interesting subject I have thought today was Fiona's intervention when she was again talking about policy certainty. A little birdy told me the other day that the G15, London Councils and the GLA are allegedly writing a policy document by the end of the year [2023] to go to both Front Benches [of the Government and the Opposition] as a kind of manifesto of what they should have in. I just wondered, will that also not just have what the new Government should do next year, but surprisingly, shockingly, I am going to ask, is there anything else that the Mayor could be doing?

Fiona Fletcher-Smith (Chair, G15, and Chief Executive, L&Q): As new Chair of G15, I am really keen that there is much closer working between the London boroughs, the G15 as housing associations, and the GLA. The GLA works really well between all parties, but I am not sure the G15 has pulled its weight in terms of how it works with local authorities in particular. Therefore, in the preparation for an election that will come at some stage in the next two years, it is really important that London tries to speak with a single voice on what the housing issues are that face us. Because Hakeem is trying to deal with homelessness in a borough, I have empty homes, let us try to get our stories straight on what we need as a capital.

So as part of the work we will do, we will set out what matters to London. Through the London Partnership Board (LPB) that the Mayor chairs, we are also looking at making the economic case for housing in London, so

that it is not just a simple “shakedown the magic money tree and give us all your cash”. Because there is an economic case to be made, so we will continue to work together on that.

I am also keen as Chair to do some really practical work. There are three practical things we are going to try to do together. The first of them is called Project 123, which is about one in 23 children do not have a permanent home. What can we do between us to fix that? A second one is around skills, and that particularly focuses on skills for repairs and maintenance as much as skills for construction, because not only do you have to be technically brilliant, but you also have to be very good at working with customers in their homes. The final thing is around diversity and inclusion. We need to do a lot more in terms of our workforce and employment record. G15 has a race pledge, and I am really interested in how we work across the intersectionality of diversity issues in London to represent the people we serve.

Tony Devenish AM: But before Tom comes in, to be clear, there is going to be a document that maybe we could have sight of by the end of this calendar year [2023] that says the Government, whoever it is next year, if they do all these things, they give more policy certainty, and we will build more homes, is that correct?

Fiona Fletcher-Smith (Chair, G15, and Chief Executive, L&Q): It says a lot and it will say a lot particularly about the economy of London. If I give you just an example that we need to boil down to a London figure, and this is part of the work that we will do between ourselves, the Local Government Association in 2020 calculated that, if we just build 100,000 social rented homes, so the equivalent of a council house, we would contribute £15 billion a year to the Exchequer. That is the sort of figure that we need to work on. London, in the rough estimates, the National Health Service (NHS) are going to help us on these figures, the cost of poor housing in London is costing the NHS about £2 billion a year. All of these things add up to an economic case for housing for London.

Because we will hear from every political party at the moment that there is no money. But we are spending money hand over fist on housing. We are spending £60 million a month on TA. We are spending £7 million a day keeping people we have a duty to house in hotels. There are lots of areas we are spending money badly. I know it is really difficult to break into that, but if you added all of that up and switched it into capital that would be a really good thing.

Then the final thing for me is about Treasury orthodoxy on housing. Housing in this country is regarded as national debt. I would argue housing is national infrastructure and assets and we should invest in it accordingly and try to switch the Civil Service thinking on all of this as well, which is again not a political issue, but a really important one for us. Housing is political but it has to be non-party political. It really matters for the capital. We are on our knees in terms of our housing crisis. I have worked in this sector for 35 years and this is the worst I have ever seen it.

Tony Devenish AM: Thank you. I will let Tom come in, but just to say I also hope this paper does include alleged public sector land-banking and releasing some of that land as well. Deputy Mayor?

Tom Copley (Deputy Mayor for Housing and Residential Development): Yes, Assembly Member Devenish, what you would call a manifesto is the position statement that the LHDT will be putting together, which we are up to about 27 signatories now on it from across the sector, which is fantastic, 25 proposals, and you will be delighted to hear that some of them are commitments that the GLA is going to be undertaking. Therefore, it is not just for the Government, Assembly Member Devenish, we are going to be looking - as we always do - at what we can do to help as well.

Just to back up what Fiona says, we do need to have a bit of a change and a shift in the orthodoxy because we are spending so much money firefighting the consequences of poor housing, let us get some of that spending upfront to delivering bricks and mortar.

Tony Devenish AM: I never thought I would say I agree with the Deputy Mayor, but please do not minute that, it will end my political career. I will ask the question on the list, Chair. This is going back to historic questions, which really, I know what they are going to say anyway, but I had better ask the question. If we go back to the original target, [which] was 35,000 homes, has now been reduced to between 23,900 and 27,100. Why is the new agreed target a range instead of a fixed number? To what extent is this new target realistic without going over all the things that you have said? I have to obviously articulate my distress that we have really already gone from 116,000 in the previous AHP to 35,000. To the average Londoner who is not into that level of housing detail and expertise of this panel, they will just look at that and say, "What the hell? We are in a housing crisis." Is this a poverty of ambition, Deputy Mayor?

Tom Copley (Deputy Mayor for Housing and Residential Development): OK, why is it a range? Because of the uncertainty out there at the moment. It is so, so difficult to be able to anticipate where we will finally end up because of all the economic turbulence. That is why it is a range. We think it is a deliverable range though. We think we can absolutely deliver within that range, up to the higher end, subject to market conditions. The reason why the target is lower, and we have gone over some of this previously, there are a number of reasons. Firstly, London got a smaller amount of money this time around than we did last time around, number one. Number two, inflation has gone up, interest rates have gone up, the economic circumstances are incredibly challenging, partners are much more risk-averse for all the reasons that we have been hearing.

There is also more of an emphasis on social rent in this programme. Social rent is much more expensive to deliver. We want to do more, therefore we welcome the fact that Michael Gove has agreed that we can go from what was originally agreed at 52 per cent, then we push it up towards 60 per cent, and now we have sign-off for between 60 per cent and 75 per cent social rent. Obviously, without more money coming in though, that does mean the overall number comes down towards the lower end of the target range because it is more expensive to deliver. But, to my mind, it is also the most important and the most useful.

I hope that answers your question in terms of why we have this range, and I will bring Tim in on this.

Tim Steer (Executive Director of Housing and Land, Greater London Authority): Just very quickly, I think we see the range target as a real win for us. This represents some flexibility, which we really need. It allows us to be ambitious and to try to get the absolute most out of this situation with partners that we possibly can. But it also allows us to be realistic and to offer some higher grant levels where they are needed and where the testing has been done to show that they are needed. So the range target is really important and a really good thing for us. It will allow us to deliver more homes overall.

Just in terms of the change between 116,000 and 35,000 or 25,000, we do need to distinguish that there are some bits of that which are real. Grant levels are considerably higher in the current climate than they were within the old AHP. The cost of inflation has been huge, as we have talked about, therefore that is a real impact. Also, the tenure change, as Tom said, more social rent is more expensive, therefore again that is a real impact on overall numbers. But there is also some presentational difference between those numbers too. The way that the Government is asking us to think about additionality and in the presentation of those numbers is different. That also causes some of that reduction in the numbers. It is a complex picture, I totally agree. We are trying to work in the team to try to work out how we can best present those figures in order that they are as comparable as they can be. But it is not straightforward.

Tom Copley (Deputy Mayor for Housing and Residential Development): Adding on to that last point, essentially the Government's definition of what would count towards the previous target is different as to what counts towards this target.

Tony Devenish AM: Yes. My next question to Clare, Fiona, and then Hakeem please, which we have slightly touched on, is how has the increased focus on social rent in the programme been received by the sector? Is it realistic? My final point on that is, is there any way we can make it a little bit less complex, because clearly complexity is all part of the reason why things take longer and longer.

Clare Miller (Chief Executive, Clarion Housing Group): Absolutely, I agree that social rent is what is most needed. It is, as you have just heard, the most expensive in order to deliver. But certainly, for my organisation, for the last few years, 85 per cent of our programme has gone on affordable products. But social rent has been a very small proportion of that because of the cost of it. So I very much welcome this.

From my point of view, what we need is both some long-term certainty and some commitment to flexibility. As things change, where it is particularly difficult to deliver things in a particular place, you need flexibility. But you also need the certainty that you have got the long-term commitment alongside it so that we can make decisions that will result in the outputs that we have already committed to.

Tony Devenish AM: Thank you.

Hakeem Osinaike (Director of Housing, London Borough of Brent): I will be stating the obvious, if I say that obviously the lower the rent in any affordable housing, the better it is for the people for whom we are building those homes. But the reality is, at such a social rent, we will build fewer homes. At London Affordable Rent (LAR), we will build slightly more, and more is definitely better.

The other argument I would say for LAR is the consistency across London. Social rent sounds great but it differs from local authority to local authority and housing association to housing association. But with LAR everybody gets to pay exactly the same thing, wherever they live in London, and you get more of those homes. So it is great, do not get me wrong, as a housing professional, I want to build the best-quality housing at the cheapest rent that we can afford. But I want to build more homes as well.

Fiona Fletcher-Smith (Chair, G15, and Chief Executive, L&Q): Absolutely. Social rent is what we desperately need. If you look at L&Q, 26 per cent of our residents in existing social or affordable homes are overcrowded, so we have got to build something for them to move into. There is also - and I will keep going back to the economic argument about rents - if people are spending more than 40 per cent of their income on rent, they cannot do anything else. So that drag on productivity and output for the country, we have got to fix it really. So, yes, absolutely on social rent.

I am with Hakeem, I was just counting up, there are six different types of tenures that we get funding for. I work in the sector, and I have to have a little card with the definitions of what each one is when I go to meet anyone because I am very confused. Social rent and then the submarket sale would be the easiest two programmes to run.

Tony Devenish AM: Thank you. Can I be cheeky and ask --

Sem Moema AM (Deputy Chair in the Chair): I am sorry, we are not even a third of the way through our questions.

Tony Devenish AM: I will be very quick, literally very, very quick.

Sem Moema AM (Deputy Chair in the Chair): OK.

Tony Devenish AM: I just wanted two takeaways from that, could we have a copy of that card, Fiona, just to put it in the minutes? Could we have a copy of this, you called it something else, I call it a manifesto, when could we have that? Then I will shut up and let the Chair get on with the meeting.

Fiona Fletcher-Smith (Chair, G15, and Chief Executive, L&Q): I will absolutely give you a copy of my handwritten note and good luck reading that. I am sure, Tim, are you ready to release --

Tim Steer (Executive Director of Housing and Land, Greater London Authority): Can I just say, I think there are probably two things going on, the LHDT that Tom convened, which has met, which we have written up and we have sent to Government officials already and I think we are due to publish shortly, certainly you can have that position statement. That is shared by 27 organisations and we will pass that to the Committee as soon as it is published. The other thing that is happening is what Fiona referred to, which is the LPB meeting, which is happening in November, am I right about this, or did it just happen?

Fiona Fletcher-Smith (Chair, G15, and Chief Executive, L&Q): It just happened.

Tim Steer (Executive Director of Housing and Land, Greater London Authority): It just happened.

Tom Copley (Deputy Mayor for Housing and Residential Development): It just happened, I was there, yes.

Tim Steer (Executive Director of Housing and Land, Greater London Authority): A special meeting on housing and the economic arguments for investing in housing. I do not know what the output of that is going to be, but again it is a broad range of organisations, which have contributed to that, and therefore they are two slightly separate things but come together.

Fiona Fletcher-Smith (Chair, G15, and Chief Executive, L&Q): Although my name is on it, it is a GLA paper, so if you are happy, I can share it with the Assembly. It is a really good paper, even though I did not write it, but it sets out how we were going to make that economic case.

Tony Devenish AM: That would be really helpful. Thank you, Chair.

Tom Copley (Deputy Mayor for Housing and Residential Development): Yes, it was to the LPB, so the Chair might have to agree, but I am sure that is fine.

Tony Devenish AM: You are a transparent authority. Thank you.

Sem Moema AM (Deputy Chair in the Chair): Tom, Tim or Heather, can you clarify for us? The other panellist, Hakeem, mentioned LAR. To nip this in the bud, when the GLA is talking about LAR, it is not talking at 80 per cent of market. Can that be --

Tom Copley (Deputy Mayor for Housing and Residential Development): It is not, no.

Sem Moema AM (Deputy Chair in the Chair): I am aware of that, but it would be helpful to have a benchmark to see that the difference is not huge in the way that people will assume.

Tom Copley (Deputy Mayor for Housing and Residential Development): Indeed. It is well below the 80 per cent and it is benchmarked at social rent levels. Those benchmarks are published on the GLA website annually, it should all be there on the Housing and Land section of the GLA website, and you can see the rents for each number of bedrooms.

Sem Moema AM (Deputy Chair in the Chair): Thank you. Assembly Member Sheikh.

Sakina Sheikh AM: Thank you, Chair, and good morning to the panel. It was helpful to hear that clarification about the fact that there is an increase on social housing, because the need for social housing and social rent is very pertinent across London in boroughs. Endless waiting lists and people trapped in TA makes this situation urgent, so it is good to see the sector responding to that by emphasising a further need to build.

The theme has been running all day - well, so far this morning - about what more is needed from the Government in terms of being able to help us deliver the homes that we want to build. To that end, I wanted to ask about the £2.2 billion that the Mayor is calling [for] in terms of further funding from the Government for the AHP to deliver the target of 35,000 homes that was originally agreed in 2021. I want to know what calculations went in behind coming up with this exact figure. I do not know if that is one for you, Tim, and then maybe, Tom, you might want to come in to follow.

Tim Steer (Executive Director of Housing and Land, Greater London Authority): I suspect it might be Heather.

Sakina Sheikh AM: It is always the woman who has the real figures and knowledge, let us be honest.

Heather Juman (Interim Assistant Director, Housing and Land, Greater London Authority): Yes, we had a substantial piece of work done, I think about two years ago, to look at exactly what affordable housing costs to build in London and what the subsidy that would be needed is. I think Savills did that work. We recently updated all of that work with all of the recent cost data from all of our many research sources in order to populate the £2.2 billion to say what is needed to deliver to get to the 35,000 and beyond. We have all of that laid out and we can provide more details if that is helpful.

Sakina Sheikh AM: That would be grand. You feel satisfied that that figure matches accordingly to what you need?

Heather Juman (Interim Assistant Director, Housing and Land, Greater London Authority): Oh, absolutely.

Sakina Sheikh AM: Fantastic. Tom, maybe this is good for you to come in now. Has the Government given an indication that it is willing to consider that additional funding?

Tom Copley (Deputy Mayor for Housing and Residential Development): The Government appears to be unwilling to consider any additional funding, unfortunately. While it has given us very welcome flexibilities on the AHP, funding appears to be a red line, which is deeply unfortunate because it is the most crucial thing.

Sakina Sheikh AM: Yes. What can we do to change its mind?

Tom Copley (Deputy Mayor for Housing and Residential Development): We have just touched briefly on the economic case for investment in housing. If anything is going to change this Government's mind - and I am, unfortunately, pessimistic that it can be changed - it is hard economic arguments rather than fluffy social or moral arguments about housing. It is going to come down to hard cash. What is the cost to the NHS of poor housing? What is the cost to our economy of kids' education and life chances being hit by the fact that they are living in poor, overcrowded housing? The cost in terms of Housing Benefit is a very obvious one with a ballooning Housing Benefit bill because people are having to be housed in the private rented sector rather than social housing. There are enormous costs to the economy that we need to evidence. Unfortunately, I do not think that this Government, despite the slogan, is in long-term thinking mode at the moment, perhaps for obvious reasons. That does not mean that we should not be making the case in the political space more broadly for why investment in affordable housing and social housing is so important.

Sakina Sheikh AM: You think that economic case has not yet been made and is still to be made, or it is being made or it has been made?

Tom Copley (Deputy Mayor for Housing and Residential Development): It has been made on a number of occasions over the years. Like everything, we need to gather the most amount of evidence that we can that is out there, and there is evidence out there. Fiona mentioned the £15 billion just now for building 100,000 homes. That is great evidence. It is about shouting about it because people need to listen. We have got to get an audience with the people that can make the decisions on this and so we have got to keep banging the drum for that economic case.

Sakina Sheikh AM: I would agree with you. The economic case has been made and is clear. The economic case is clear that it more broadly saves money to build homes, rather than having a cycle of TA that is a drain on the economy, decreases people's living conditions and stops them economically contributing. I wonder what the other hurdles are from the Government. If the economic case is clear and if the social and moral case is clear, is there something else motivating its lack of wanting to put in the appropriate necessary additional funding required to meet the targets?

Tom Copley (Deputy Mayor for Housing and Residential Development): It is a really difficult question to answer because pretty much the entire housing sector, certainly on the fundamentals, is speaking with one voice on what needs to happen. That is whether it is on funding, on policy certainty or on what needs to go into planning, for example, and nothing really meaningful seems to be changing on that front. It is a very difficult question to answer, what will result in a change of direction at this point.

Sakina Sheikh AM: Yes. Fiona, I might move into the next question and ask you to answer both. To yourself, Clare and probably Hakeem on this, you have spoken about being supported more broadly, about seeing the Government give the support that is required. I wondered if you were in agreement with the calculation of the call, specifically for £2.2 billion, in terms of what was needed from the Government to help the GLA deliver the affordable homes alongside you?

Fiona Fletcher-Smith (Chair, G15, and Chief Executive, L&Q): Yes, I absolutely agree that that is the right figure if you want to build 35,000, but London probably needs closer to 66,000 and the current London Plan is slightly behind, as it always is, in suggesting 52,000. If you look at housing need, nationally there are 8.5 million people who are inadequately housed and that is to do with overcrowding and that is to do with being in homes that do not suit their health conditions or disability. We have a lot of work to do and that takes you to a figure that is closer to £4.4 billion. That is what we really need.

I have to say that I have found the Secretary of State for Levelling Up, Housing [and Communities] and whatever the letters add up to in DLUHC very open and amenable to the need for social housing. He gets it. However, there are two things in the way. There is no money, nobody is making this up and there is not a magic money tree hidden somewhere behind the Treasury. Also, I do think for London the levelling up discussion that quickly divided into a geographical conversation was very, very unhelpful and divisive. What was originally meant by “levelling up” - in my interpretation of it, it was about levelling up society generally, income levels and getting a more equal society in the country - turned into a north versus south. Therefore, any kind of debate that involves money for London is exceptionally difficult. That is why making that economic case that “If you do not solve this in London, we will suck in even more public money than we need to” is probably the strongest one to make.

Sakina Sheikh AM: OK, that is helpful. Thank you, Fiona. Clare or Hakeem, I do not know if you wanted to add anything either on the wider conversation around getting that case made to Government or whether you agree with the £2.2 billion figure that is needed to deliver 35,000 homes.

Clare Miller (Chief Executive, Clarion Housing Group): Just one thought on this. Housing associations across the country are charging rents that are discounted on the market and if you look at how much that discount saves Government annually, it is a staggering figure. I can tell you that for Clarion’s stock we have 125,000 homes and that saves the Government £10 million a week because our residents are not paying market rates. It is using figures like that that really make the case for further investment in housing.

Sakina Sheikh AM: OK, thank you. Hakeem, did you want to add anything?

Hakeem Osinaike (Director of Housing, London Borough of Brent): Yes. Using the TA argument going further, what we are spending in TA at the moment which is just ridiculous. A number of boroughs, the majority of boroughs, in London are now housing people in commercial hotels, costing around £150 a night for each household. If there is an argument to be made, I cannot imagine what is better than that, the fact that we are paying the highest amount of money for the worst type of accommodation that has serious, negative effects on the whole household. There is not a better argument to be made, but it does not seem that anyone is listening to it.

Sakina Sheikh AM: Yes. Go for it, Tom.

Tom Copley (Deputy Mayor for Housing and Residential Development): Specifically on that point - and it is absolutely tragic for people being housed in hotels - there is another economic knock-on impact of that. I read recently there was a council leader of a seaside resort, saying their hotels are now all being booked up for people in TA or other people who have a housing need. Tourists cannot book them and therefore that is hitting their local economy. Again, as well as the social case, which we know very well, that just points to the economic case for investing in social housing.

Sakina Sheikh AM: Yes, and also the Government’s proposals to expand Permitted Development Rights (PDR), which would convert hotels in London speaks to exactly that, the very disjointed economic or housing policy. If you add it all up --

Tom Copley (Deputy Mayor for Housing and Residential Development): Do not get me started on PDR.

Sakina Sheikh AM: Do not get me started on PDR either. We will have a PDR-off and it sounds like we need to have lunch and talk PDR, Tom. Chair, I am done with my questioning. Thank you to the panel.

Sem Moema AM (Deputy Chair in the Chair): Thank you. Assembly Member Berry?

Siân Berry AM: We asked already what changes have happened in the re-profiling and then I did my follow-up questions. There is nothing more to add unless there is anything extra you have changed in the recent changes that you have not mentioned yet, panel. We thoroughly covered that.

Sem Moema AM (Deputy Chair in the Chair): No, if you feel like it has been covered, then that is fine. I have a couple of follow-ups then. Perhaps, Hakeem, from your overview of working with boroughs and maybe Tim as well, are there any boroughs who are winners or losers from the re-profiling? Is there a league table of who has got money and who has not?

Hakeem Osinaike (Director of Housing, London Borough of Brent): There is a league table, but I would not describe it as “winners” or “losers”. Most people negotiated what they thought they could deliver and, as I said earlier, GLA colleagues were willing to accept those new figures with the evidence that was presented. That is part of the evidence that is now being presented to the Government to hand over more money. We are all losers in the sense that we are looking to deliver far fewer homes than we would have been able to had there been more money, or the economic situation had not happened.

Sem Moema AM (Deputy Chair in the Chair): Tim or Heather?

Tim Steer (Executive Director of Housing and Land, Greater London Authority): Heather might want to say more, but it is not the case that there are boroughs who have asked for things that they have not got in the re-baselining. As Hakeem says, generally this is about reducing the amount that can be delivered, just simply because of the circumstances that we are in. I do not think there is anyone who has lost out in that way.

Heather Juman (Interim Assistant Director, Housing and Land, Greater London Authority): Because we had a fixed grant envelope, the homes attached to those allocations inevitably went down so there are no winners, sadly.

Sem Moema AM (Deputy Chair in the Chair): OK, wonderful. Then my final question before we adjourn for a break is: what benefits and drawbacks are there to allocating the majority of the money early on through strategic bidding? If we go this way this time.

Heather Juman (Interim Assistant Director, Housing and Land, Greater London Authority): As you may know, partners generally come to us and they bid for what we call an indicative amount. They say, “I am going to deliver 1,000 homes over three years”. Then during the period of the programme, they come back to us with a pipeline of projects and at the appropriate time we convert those into named projects. The advantage of that is that once they have their fixed allocation with us, they can go out into an increasingly challenging market and see what opportunities they can bring. They know they have got the certainty of our grant funding behind them to support those projects, they can come back, and we can move grant around if necessary to assist them to deliver that programme over the three years. That is the key benefit.

Sem Moema AM (Deputy Chair in the Chair): Does anybody else have any comments? Yes, sure. Fiona, please?

Fiona Fletcher-Smith (Chair, G15, and Chief Executive, L&Q): Thank you. Just to add that way of doing things is really helpful and gives us some certainty, but also sometimes there are opportunistic things that

happen. I have always found that the GLA was open to those conversations because even with the AHP, there is always slippage from some part to another and it has been super-helpful at moving things around. Also, speaking for G15 Housing Associations, we have very little financial capacity for development at the minute because of all the reasons I have said. We are all looking at our own balance sheets to see where we can free up money to build because that is our social purpose; that is what we are here for. I am very hopeful that sometime in the next AHP I will be able to go to the GLA and say, "I have got more money than I thought I was going to have. What can we do together?" You are nodding. It will be very willing to talk to me, I hope.

Sem Moema AM (Deputy Chair in the Chair): Thank you. Then this is just a curiosity. Within the AHP, what support is there to other types of development - co-operative housing springs to mind - or is that something that you are considering a bit further down the line?

Heather Juman (Interim Assistant Director, Housing and Land, Greater London Authority): Within the 2021-2026 AHP, we are really keen to work with all types of housing developers and to have all partners at the table. We are also very willing - and we have demonstrated this over the last few years - to put in additional work and handholding for those projects where we are working with smaller partners to walk them through that. Perhaps that is with people working part-time, those who do not know the sector that well, those who have not navigated our processes before. We have operated that approach through our Community-led Housing Programme and also through our Supported and Specialist Housing Team. We have a specialist team, which is accustomed to working through particular bespoke projects, for example, with people with mental health issues or domestic abuse survivors and so forth. We are really keen to have those conversations with everybody who comes to us and to help take them through our AHP to a successful conclusion.

Tom Copley (Deputy Mayor for Housing and Residential Development): To add on that, as Heather said, we have a Specialist and Supported Housing Team that specialises in this. Also, following your investigation into supported housing, you made a recommendation that we convene a roundtable with specialist and supported housing partners. I am pleased to say that took place a couple of weeks ago, which I chaired. The outputs from that will help to inform both what the GLA can do in terms of supporting the sector but also a letter to the Secretary of State [for Levelling Up, Housing and Communities] about what more we need from the Government on that.

Sem Moema AM (Deputy Chair in the Chair): Excellent. I am very pleased to hear that, and I look forward to catching up on that as well.

Thank you, everybody. We are going to adjourn for about ten minutes and we will be back at 11.30am.

[The meeting adjourned at 11.20am, reconvening at 11.31am.]

Sem Moema AM (Deputy Chair in the Chair): Thank you very much. We have just returned from our break and there is one thing to pick up from the previous session. Tom, we have discussed the delays to the AHP. Do you anticipate any delays in the deadline for starts of the 2026 AHP?

Tom Copley (Deputy Mayor for Housing and Residential Development): No, the deadline for the starts remains 31 March 2026 and we do not anticipate that changing. Where we would benefit from flexibility is around completions. What the completions deadline line does is, firstly, we are already a couple of years in, for the reasons that we have already set out. Secondly, it makes it harder to do longer-term schemes like the various estate regeneration schemes that the Government has told us that we now have to do. If there is a

completions deadline of 2029, that limits partners' appetite to bid for long-term estate regeneration schemes because they do not have that funding certainty.

Sem Moema AM (Deputy Chair in the Chair): OK, thank you. Assembly Member Devenish?

Tony Devenish AM: Thank you very much and it is nice to be told I can now speak rather than not speak, Chair. Thank you very much --

Tom Copley (Deputy Mayor for Housing and Residential Development): You have spoken quite a bit already, Assembly Member Devenish.

Tony Devenish AM: Thank you very much for that, Chair. You have made my day. Welcome back, everybody. This is to Clare, Fiona and Hakeem, please. As a delivery partner of the GLA, how would you describe the landscape for affordable housing delivery and what risks to delivery are you facing? You do not have to repeat your answers as earlier; maybe just articulate in a bit more detail one of the points on each, please. Thank you.

Clare Miller (Chief Executive, Clarion Housing Group): I will start with the position of the market, particularly for those contractors that we are working with. You will be aware that because of the financial position that we are facing, there have been more contractor insolvencies than we have ever experienced. Inevitably, that will cause delay on particular sites, and I have three sites in London that are currently affected by that. We have talked already about inflation and interest rates, but we have not really mentioned planning, which is another factor. The process of securing planning can be painfully slow and much of that is down to a lack of resource within individual local authorities to take forward plans. That will bring additional risk into the delivery of homes over the AHP period.

Tony Devenish AM: Thank you.

Fiona Fletcher-Smith (Chair, G15, and Chief Executive, L&Q): I have articulated most of it. It is the most difficult landscape I have ever known. On planning, I would urge any new Government or current Government to stop messing around with the planning system, to stick with what you have got but to resource it properly. Local authorities do not have sufficient resource. One plea is that even if you resource the development control end of planning, it is the plan-making bit that brings a community with you. That allows the community time to have a conversation about growth and what your place needs for it to be able to function if it accepts growth. I make that plea.

The other one for me that we have touched on slightly is skills. I am really interested in a co-ordinated approach to skills, particularly at Government level, if we have a new Government that looks at outcome-based policymaking where you think the outcome is, for example, no child should be born or live in B&B accommodation. That then gets your Department for Education, whatever the Department for Business, Energy and Industrial Strategy calls itself these days, DLUHC, everyone else together to focus on what the chain is that gets you to that outcome. Part of that is skills and please do not introduce another T level, tinker with A levels or anything else. Let us just make the system we have work and make it work effectively.

Tony Devenish AM: Before Hakeem comes in, I have to have a plea that you also perhaps ask the Mayor to do more on skills and not always think the Government has got to solve everything. We do have a Mayor in this city; Tom may know that. Thank you, Hakeem.

Hakeem Osinaike (Director of Housing, London Borough of Brent): We are doing something at London level in terms of skills. We have the Housing [Development] Academy, set up by the London Housing Directors' [Group], to upskill people for development because Fiona is right, there is a real shortage and that is a risk to development.

To add to the things that we talked about earlier, one of the biggest risks for local authorities is the Housing Revenue Account's (HRA) capacity to borrow. At this time, the HRA is also facing a number of pressures, needing to invest significantly in existing stock for a number of reasons because they are old and because of new requirements, new regime, new regulations. The rent cap means that we have had to pay more to our contractors but are getting less rent. We are reaching a point where even though there is not a cap in borrowing, we have to be able to pay it back because it is prudential borrowing. The payback is revenue and we just do not have enough revenue to do the other things that we need to do. That poses a serious risk to being able to deliver our targets.

Tony Devenish AM: Thank you. My next question, Chair, has perhaps partly been answered. Again, if each of the panel wants to come up with one anecdote, rather than a long answer. The question is: what kind of trade-offs are housing providers having to make when delivering affordable housing as a result of the financial challenges? Unless you have something new to say, feel free not to say anything. That is to Clare, Fiona and Hakeem again, please.

Clare Miller (Chief Executive, Clarion Housing Group): We have covered many of the things that I would point to. These are economic circumstances which are remarkably challenging. On top of that, for housing associations and for local authorities we have additional regulation and all of that is bringing cost. Whether that is coming through building safety or additional legislation that is coming through from Government, these are piling things on top of organisations that are finding it tough at the moment. It is no wonder that all of us are feeling a little bit stretched in terms of delivering new homes.

Fiona Fletcher-Smith (Chair, G15, and Chief Executive, L&Q): I will add one with a sub clause, innovation. I have cut my Innovation Team. We were doing some really fantastic work, looking at offsite manufacturing, looking at how we reduce waste on building sites through work with academic institutions. I cannot afford to do that anymore. A subset of that, therefore, is that the innovation that was going to take us to net carbon zero is at risk because I do not have enough money to do what I need to do.

Tony Devenish AM: Thank you, Chair. Sorry, Hakeem?

Hakeem Osinaike (Director of Housing, London Borough of Brent): Yes, I was just going to say retrofit or build new homes.

Tony Devenish AM: Thank you.

Hakeem Osinaike (Director of Housing, London Borough of Brent): We cannot do both.

Tony Devenish AM: Is that OK, Chair? I have been very short and concise this time. Thank you.

Sem Moema AM (Deputy Chair in the Chair): Yes, I wanted to say if I can just follow up. As you know, Assembly Member Devenish, it is my job to make sure that everybody gets to speak and to hear from the panellists, not from Assembly Members. We do not want one person dominating the meeting, we need to keep to time and to release people so they can go and build homes for us.

With that, I wanted to come back to ask you some additional thoughts about the lack of clarity around second staircase requirements for buildings above 18 metres. What impact is that having on delays to schemes? Whomever you want to take that can do that.

Tom Copley (Deputy Mayor for Housing and Residential Development): I will come in with the headlines, thank you, Chair. This is currently the biggest block to housing delivery in London and we are aware of 34,000 homes that are in limbo in the planning system because of this. That is just schemes that are referable to the Mayor so there will be thousands more homes on smaller schemes all around London that are impacted. We are seeing very few residential planning applications coming to us at the moment other than student accommodation.

It is a really, really tricky picture. Well, it is more than a tricky picture. We were promised transitional guidance. Our teams in both Housing and Land and Planning [at the GLA] have been liaising very closely with DLUHC. We have been promised transitional guidance imminently, but it still has not materialised. We think there is going to be quite a long transition period where previously the Secretary of State had indicated it would be a short transition period. What is crucial is that as quickly as possible we get the details of that transition period and then we get the technical detail of what everyone needs to work towards because it is this uncertainty that is killing development at the moment.

Clare Miller (Chief Executive, Clarion Housing Group): I have 12 current London projects and 11 of them are affected by the second staircase.

Sem Moema AM (Deputy Chair in the Chair): How far does that push your delivery back?

Clare Miller (Chief Executive, Clarion Housing Group): It will undoubtedly mean there are delays on every single one of those projects. Over the life of the AHP, you would hope that you would be able to catch up, but it is not a good start.

Hakeem Osinaike (Director of Housing, London Borough of Brent): We have three large schemes that are significantly affected by this in two ways. One is that the cost of building them has increased significantly; we are talking millions [of pounds]. Secondly, the number of homes on those sites has to be reduced. Second staircases: I do not think anyone is going to say, "It is nonsense. Do not do it". It is for very good reasons, and we all want to build safe homes, but the Government has got to fund the difference and that is not happening at the moment.

Sem Moema AM (Deputy Chair in the Chair): Thank you. Assembly Member Baker?

Elly Baker AM: Thank you, Chair. My questions are all variations on a theme. I am sure you have touched upon some of the issues, but I am coming at it from a slightly different angle. We are talking a lot about what the pressures are and what is going to make it very difficult to deliver. I am asking Clare, Fiona and Hakeem. What support do you need to ensure delivery? That may be GLA; that may be wider. We have talked about clarification around second staircases and things like that. What things do you need in order to ensure that you can deliver this part of the AHP? Thanks, Fiona.

Fiona Fletcher-Smith (Chair, G15, and Chief Executive, L&Q): I do not think I will attribute them to either GLA or Government.

Elly Baker AM: That is fine.

Fiona Fletcher-Smith (Chair, G15, and Chief Executive, L&Q): First of all, we have talked a lot just now about policy certainty, whether that is second staircase, whether that is the future of fossil fuels and gas. Planning: stop tinkering and resource properly. Rents: give us certainty in the long term. You gave us a formula, but you only stuck to it for, what, four out of ten years. Also, I am really interested in things like what are you doing with Help to Buy receipts? People are starting to pay back Help to Buy [Equity Loans] now. That is worth about £25 billion, and it is returned with about a three per cent return. That could be a really interesting pump-priming fund for long-term regeneration schemes and infrastructure investment. Also, outcome-based policymaking: think about that long-term policy. That is me.

Elly Baker AM: That is helpful, thank you.

Clare Miller (Chief Executive, Clarion Housing Group): The most important thing is rents to be honest. In our world, most other things are constrained and if you have certainty on your income levels, you therefore can plan for the long term. You know what your borrowing capacity is likely to be and therefore you know how much resource you can put into supporting new projects. Without that and with a year-on-year interference in rents, it just becomes desperately uncertain and our Boards feel that the situation is too risky in order to take those longer-term decisions. That is what impacts ultimately on our ability to deliver the AHP.

Elly Baker AM: Thank you. Hakeem?

Hakeem Osinaike (Director of Housing, London Borough of Brent): Without wanting to repeat what colleagues have said because I entirely agree with them, the only thing I would add is perhaps that the Government and the GLA - and there are discussions around this - could front-purchase things that developers need to build homes. That reduces the risks that they plan into their tenders and if the price of the tender is reduced, then it increases our ability to build more homes.

Elly Baker AM: Can I ask what sort of things you mean? Apologies, I have been off the Housing Committee for a few months.

Hakeem Osinaike (Director of Housing, London Borough of Brent): There are some basic things that all builders need, bricks --

Elly Baker AM: Physical resources basically?

Hakeem Osinaike (Director of Housing, London Borough of Brent): Correct.

Elly Baker AM: Like making sure the pipeline is there?

Hakeem Osinaike (Director of Housing, London Borough of Brent): Yes, like a guaranteed purchase that we guarantee the next ten million bricks at this price, then everybody bids into it and that is fixed, which means there are no risks around those issues.

Elly Baker AM: That makes perfect sense. Thank you very much and thank you for indulging me. Over to Tom, Tim and Heather. Again, these are all variations on themes, but I want to make sure we absolutely ask all the questions. What would you say is the biggest risk to delivering the target number of starts under the current AHP?

Tom Copley (Deputy Mayor for Housing and Residential Development): As I mentioned, the biggest barrier at the moment is the second staircase issue and the longer that runs on, the more knock-on damage

there is in terms of schemes being delayed. Hopefully, if we get the long-promised transitional arrangements, that will at least be resolved shortly. The macroeconomic circumstances are probably overall the biggest issue, the rise in inflation, the materials costs, all of that. So much stuff is layering on top of each other at the moment and that is the thing; it has been one thing after another.

Elly Baker AM: Thanks. Tim and Heather, do you have anything to add to that?

Heather Juman (Interim Assistant Director, Housing and Land, Greater London Authority): The only thing that I would add is interest rates. Everybody is modelling on hoping that interest rates are going to start to dip. If that does not happen or, indeed, goes in the other direction, lots of our partners will tell us about increased risk there. That is particularly local authorities, who are asking for some certainty on the rates at which they can borrow to assist them with their development programme. They are making that case through the LHDT.

Elly Baker AM: Thank you.

Tom Copley (Deputy Mayor for Housing and Residential Development): Just on that, one of the things we are pushing for is longer-term, low-cost Public Works Loan Board interest rates, which would really help local councils, who have been massively hit. One London council told me that just the extra borrowing costs on their AHP came to £200 million as a result of rising interest rates, just the extra borrowing costs, which is extraordinary. Sorry, Tim.

Tim Steer (Executive Director of Housing and Land, Greater London Authority): Just to add one thing, which I do not think has been raised yet, investor confidence is relevant for developers and potentially housing associations as well. We are hearing more and more that all of this added together, particularly the uncertainties around future policy, is affecting investor confidence so I would add that to the list.

Elly Baker AM: That is really helpful, thank you, Tim. To follow up on that, what mitigations are you or can you put in place for this AHP in terms of those very challenging and fluctuating economic circumstances?

Tom Copley (Deputy Mayor for Housing and Residential Development): We have already covered quite a lot of these, the flexibilities around the AHP being the key thing, being able to do estate regeneration projects and things like that. Tim might come in there.

Tim Steer (Executive Director of Housing and Land, Greater London Authority): It is my three levels again.

Tom Copley (Deputy Mayor for Housing and Residential Development): Three levels, yes.

Tim Steer (Executive Director of Housing and Land, Greater London Authority): It is the project-level stuff, it is working every single day between the partners and the trust and the confidence between the teams to be able to come up with enough reassurance to allow providers to continue with projects where they possibly can. That is working within the parameters of the AHP. Then the next level is seeking to change the parameters of the AHP where we think they need to continue to be changed. We have already had some significant changes and they have been welcome, but we think there are some more that we need. Then it is that bigger, strategic picture. It is that long-term certainty and flexibility, which Clare has mentioned and which I totally agree with. That is the overarching message.

Elly Baker AM: That is really helpful. Thank you much and back to you, Chair.

Sem Moema AM (Deputy Chair in the Chair): Thank you. Assembly Member Berry?

Siân Berry AM: I wanted to join up a few things that you have all said. Fiona, you mentioned that you have had to cut back on the resource you are putting in to organising around the circular economy essentially. Hakeem, you mentioned that it would be nice if we could get bricks on a guaranteed price. We have here the Chair of the Planning and Regeneration Committee where we are discussing recommendations relating to things like organising at a London level to make materials for reuse available to people. Planning and Regeneration comes under a different Deputy Mayor but, Tom, you are much closer to the ground in terms of practicalities around development. Are you trying to link up the practical work that you do with the emerging new policies around reducing carbon and reusing materials?

Tom Copley (Deputy Mayor for Housing and Residential Development): We always try to make sure that we are joined up completely between what is happening on the Housing and Land side and what is happening on the Planning side. Housing and Land colleagues feed into what the London Plan's Team thinking is.

Siân Berry AM: But on the practical side, are you thinking about things like what Hakeem was suggesting?

Tom Copley (Deputy Mayor for Housing and Residential Development): It is a really interesting idea. I am not aware it has been done before in terms of the Government, say, coming in and saying, "Right, we are going to go into the market, buy a load of building materials and then make it available". I would be interested to know if other governments around the world have taken that particular step. We have got to get a grip on this. One thing that struck me in the briefing I have for today is that London has the highest build costs in the world of any city other than Geneva. Now, we have to wonder why. We have to see. That cannot just be to do with London; that must be a national issue here. It is something that collectively and with Government support we need to be really looking at because it cannot be that we cannot do any better than this, surely, as a country.

Siân Berry AM: Yes, and we are doing quite a lot of building. You would think we would be able to mobilise some economies of scale so that is the sort of thing --

Tom Copley (Deputy Mayor for Housing and Residential Development): I have to say - what time are we, 11.51am - I cannot believe that Brexit has not had an impact on our ability to source supply.

Tony Devenish AM: Oh, gee.

Tom Copley (Deputy Mayor for Housing and Residential Development): I thought that would wake Assembly Member Devenish up, you see. I knew it would wake him up.

Siân Berry AM: Yes, but that is when you are operating on global markets, but if you are talking about local reuse of materials, that is something that is Brexit-free and also something that is quite practical. I do not know. Let us talk about this.

Tom Copley (Deputy Mayor for Housing and Residential Development): Yes, it is certainly one that we should look at. Sorry, Tim.

Tim Steer (Executive Director of Housing and Land, Greater London Authority): One quick point, which comes back to this flexibility point. At the moment, the way we can use our resources is really quite

constrained. It is within an AHP where we have a Memorandum of Understanding with Government and we are allowed to subsidise providers in a particular way. More flexibility in general would be a good thing to be able to explore innovative approaches like this. We would not be able to do it under the current framework.

Tom Copley (Deputy Mayor for Housing and Residential Development): Can I add as well? We have tried to use our AHPs in order to drive Modern Methods of Construction (MMC), for example. Unfortunately, from what we have seen recently we have not seen MMC take off in the way that a lot of us hoped and anticipated. If you take volumetric modular, for example, I think Legal & General's factory was volumetric and it has just closed it down, unfortunately. It is being used, but I do not think it has seen the take-up that perhaps we would have hoped. That could have helped fill a gap, given constraints in supply of traditional building materials.

Sem Moema AM (Deputy Chair in the Chair): Assembly Member Berry, I think Hakeem wanted to come in.

Siân Berry AM: Sorry, yes, I was trying to finish because I have gone off target there as far as the questions are concerned.

Hakeem Osinaike (Director of Housing, London Borough of Brent): I wanted to clarify what I said about materials and the reason I specifically referred to the Government rather than the GLA. The GLA is restricted by the Government on how it can use the money that it is given. When I referred to "the Government", I was not thinking that it should go and buy the bricks. It was to say to people who manufacture the bricks that the Government guarantees an income level for them, which enables them to make a certain number of bricks, and to make them available at a certain price. It means that there is the economy of scale because of that quantity, and it is not a new thing. It can be done if we put our mind to it.

Tom Copley (Deputy Mayor for Housing and Residential Development): That is really important. This is very anecdotal, and I cannot remember where I heard it from. I have in my mind that during the 2009 recession we lost our last brick factory or something like that shut down. It goes back to long-term funding certainty. One of the problems we have with these programmes that go like this is if you have not got that certainty in your supply chain, it can make it very vulnerable to this. If we had that counter-cyclical funding, which we would all like, it would help us to keep construction businesses in business during these very difficult times.

Siân Berry AM: Sure, thank you. Sorry, Hakeem, I took your point and took it somewhere else. I am definitely not suggesting we use Affordable Housing Grant for this. This would be something we would find somewhere else in the GLA.

Sem Moema AM (Deputy Chair in the Chair): Yes, price guarantees. That is a good idea. My question is to Tom, Tim and Heather and if this has already been covered then feel free to say so. How is the GLA supporting its delivery partners for the 2021-2026 AHP? I think we have covered most of it. I just wanted to -

Tom Copley (Deputy Mayor for Housing and Residential Development): I cannot think of anything that we have not already mentioned.

Sem Moema AM (Deputy Chair in the Chair): No, that is fine. OK, wonderful. Then the next question is back to you, Assembly Member Berry.

Siân Berry AM: Thank you very much, Chair. We have talked a little bit about this already, but you do currently have a fixed deadline for completions, and you said potentially that might be moved. Can you tell us a bit more about that? What types of schemes do you think will come in before the deadline and how long will it be before you start to extend it? I know the last AHP jumped two years in total at the end.

Tom Copley (Deputy Mayor for Housing and Residential Development): To be clear, it is not in our gift to extend it. I said it might be helpful if the Government were so minded to extend it; it is not in our gift. What that deadline does is restrict schemes coming in, quite obviously, that would complete beyond that. That would include, for example, the sort of estate regeneration schemes that the Government has now said that it wants us to bring in. That is the key constraint that is brought in by that, but to be clear that deadline is there and will be there so long as the Government decides that it should be.

Siân Berry AM: It is curious that it did not extend the deadline at the same time as doing regeneration because those schemes do take a very long time. We are looking at the completions for the 2016-2023 [AHP] extending into the 2030s easily because of schemes like that.

Tom Copley (Deputy Mayor for Housing and Residential Development): Yes, absolutely. As I say, it does operate as a constraint on what delivery partners are able and willing to bring in.

Siân Berry AM: We do know the spending profile of the previous AHP. Will you be giving us that at some point for the new AHP, the spending profile, not the completions?

Tom Copley (Deputy Mayor for Housing and Residential Development): I think some figures will go to [the London Assembly] Budget [and Performance] Committee.

Siân Berry AM: It does get reported to Budget [and Performance] Committee.

Heather Juman (Interim Assistant Director, Housing and Land, Greater London Authority): Yes, we are finalising our reports at the moment. It is largely based on the starts and completions and we are also looking at spend, but it is very difficult to predict for this particular AHP until the second staircase issue is resolved. We are, unfortunately, expecting the AHP to be back-loaded. I would love to guarantee the forecasts for 2025/26, but it is quite difficult to pin down at this moment.

Siân Berry AM: OK. Thank you very much.

Sem Moema AM (Deputy Chair in the Chair): No problem. Thank you. My question is to Clare, Fiona and Hakeem. With three years left to go on the AHP to 2026, is it really feasible that funding will be used to deliver estate regeneration?

Clare Miller (Chief Executive, Clarion Housing Group): I have one of the largest estate regeneration programmes in London and it is split up inevitably into much smaller phases. I know my team has been talking to the team here about what opportunities might exist and I definitely think there are some that could be delivered within this AHP. It is inevitably going to be tight, but that is the demolition of 1,000 homes across three estates and the rebuilding of 3,000 homes, which will transform the lives of many of the social housing residents there because I have nearly 30 per cent overcrowding in those homes. Any opportunity to get some grant funding in to accelerate that programme would be absolutely worthwhile.

Fiona Fletcher-Smith (Chair, G15, and Chief Executive, L&Q): Could I just add? From L&Q's point of view, we do not have any oven-ready schemes for this, but the fact that it is back on the agenda is brilliant

because these things do take a long time. The most important bit of the conversation is with existing residents in those areas and how you have that conversation. You do not do that quickly. It is back to that point about certainty. We need to know that that is going to be around for the long term so we can have those confident conversations with people.

Hakeem Osinaike (Director of Housing, London Borough of Brent): The short answer from me is “No”, but it is sad because we had an estate regeneration programme going on before it was taken away. If it had not been taken away, that would have continued until now. The macroeconomic issues that we have been talking about have now delayed our programme to the point that I cannot guarantee that we can kick off any of the next phases by 2026.

Sem Moema AM (Deputy Chair in the Chair): OK, I am intrigued. You [Hakeem] are a hard “No”. Clare, there is some scope. With the additional funding if it were possible, would that change the profile of the tenure of homes that you were to bring forward in the additional 2,000?

Clare Miller (Chief Executive, Clarion Housing Group): I do not think it would. What it would mean is we would be able to accelerate various aspects of it and we are committed to the replacement of all the social homes first. That is the way our programme works, so it would inevitably mean that individual residents would be moving into more appropriate accommodation quicker.

Sem Moema AM (Deputy Chair in the Chair): Thanks. This is to Tom, Tim and Heather, although if you have thoughts, the rest of the panel, please do chip in. We have talked on the Committee before about supported accommodation and targets around that. Within the 2021–2026 AHP, what are your views on the feasibility of meeting the supported housing target?

Tom Copley (Deputy Mayor for Housing and Residential Development): To be clear, the supported housing target was initially set by the Government at ten per cent. The initial bidding round produced nothing like what we would need in terms of meeting that target and the Government has since reduced that to one per cent. The lack of interest in bidding from partners, I think, is not down to a lack of a desire to provide specialist and supported housing. A lot of it, as we discussed when you were doing this investigation as a Committee, is down to particular lack of revenue support that comes with it, which we do have with certain other programmes. We get bids into those programmes, like the Single Homelessness Accommodation Programme, for example, because it comes with that revenue funding. The AHP does not.

As I mentioned earlier, we are doing a review into specialist and supported housing. The roundtable which I chaired the other day, which was a recommendation from yourselves, was part of that review. This will be making recommendations to the Government as well as getting views on what the GLA can do differently within its existing powers and budgets to support that very important form of housing.

Heather Juman (Interim Assistant Director, Housing and Land, Greater London Authority): To echo all of that, in an incredibly risky market it is hard to ask partners to enter into an even more risky part of the housing market. However, there is lots and lots of work going on to bring in whatever projects we can with our partners. What we ask is: just come to us and say what you need, what would unlock, whom we can link you to and how we can support through the process. We hope that at the end these very important projects will come through. An example of that is because we have a new domestic abuse duty and we have a revenue funding attached to that, which we are delighted to have, we are attaching to that a small capital programme so that we can run those two things in parallel to support survivors of domestic abuse. Where we can, we are pushing it forward.

Fiona Fletcher-Smith (Chair, G15, and Chief Executive, L&Q): Just to add, Heather's point is absolutely vital. These schemes do not go ahead without the revenue and often revenue is expected to come from local authorities. We have been round this one a few times; local authorities simply do not have the money. We at L&Q run the UK's only facility for women with learning difficulties leaving domestic and other abuse. We have one facility in all of the UK for seven women at a time. Surely, we can do better than that.

Sem Moema AM (Deputy Chair in the Chair): OK. This is not a question, but that speaks to the point that Hakeem made about £60 million being spent on inappropriate housing. What conversations are there happening to square that circle? We need that housing, but it seems pointless to have the target if no one can do it because once it is built, no one can keep those facilities open. Is part of that the roundtable or the work that the GLA is doing? Is there a conversation to close that loop?

Tom Copley (Deputy Mayor for Housing and Residential Development): This is exactly where the review that we are undertaking is going to be really helpful in terms of setting out both for ourselves and for the Government. Once again, returning to this point around that, it is absolutely crucial that we get that revenue funding attached to these programmes.

Sem Moema AM (Deputy Chair in the Chair): Thank you, all. I was going to ask Assembly Member Devenish if he wanted to ask any more questions, but he has left. There we are. Thank you, all, for attending today and for all your feedback.

Tom Copley (Deputy Mayor for Housing and Residential Development): Thank you.

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