

**REQUEST FOR ASSISTANT DIRECTOR DECISION – ADD223**

**Title: PWC Consultant for Financial Transactions Review/Housing Zones Programme**

**Executive Summary:**

This decision seeks approval of expenditure up to £50,000 to enter into a consultancy contract with PWC for a consultant with experience managing financial transactions housing programmes in London. The consultant will support a review currently being conducted jointly with DCLG into the shared risks and skills/capacity needs associated with the GLA assuming responsibility for financial transactions in London. The consultant will also oversee the Housing Zones bids assessment and moderation process ensuring consistency in approach and appropriate management of risk. The consultant will work for a period of 31 working days beginning in mid-September 2014.

**Decision:**

That the Assistant Director for Programme, Policy and Strategy approves:

1. Expenditure of up to £50,000 on specialist consultancy services required for the management of financial transactions to support: (a) a joint DCLG/GLA review in relation to the GLA assuming responsibility for financial transactions in London; and (b) to oversee the Housing Zones bid assessment and moderation process; and
2. A related exemption from the requirement to secure such services by way of a call-off from a suitable framework; or tender process.

**AUTHORISING ASSISTANT DIRECTOR/HEAD OF UNIT:**

I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.

It has my approval.

**Name:** Jamie Ratcliff

**Position:** Assistant Director – Programme,  
Policy & Strategy

**Signature:**

**Date:** 12 September 2014

## **PART I - NON-CONFIDENTIAL FACTS AND ADVICE**

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1 In the 2011 Autumn Statement, the Government announced a number of new spending initiatives, known collectively as financial transactions. These initiatives provide for fully recoverable loans and do not impact the Public Sector Net Borrowing Requirement as any increase in debt is considered balanced out by future income payments.
- 1.2 To date all of the financial transactions housing programmes in London have been delegated by the Mayor to the HCA to operate in London. However, given the devolution of the HCA's investment powers in London through the Localism Act 2011, it is intended that future delegations to the HCA are kept to a necessary minimum.
- 1.3 To prepare the GLA for assuming responsibility for Financial Transactions in London, DCLG and the GLA are conducting a joint review looking into shared risks and assessing the skill and capacity needs of the GLA. The GLA, however, does not have staff with extensive experience working on financial transaction housing programmes in London producing a need for an outside consultant.
- 1.4 There is also a separate need for a consultant to oversee the Housing Zones programme to advise on the directorate's consistency in approach and management of risk. To ensure value for money, it is intended for a single consultant to be assigned to both projects.
- 1.5 PWC have a number of staff who recently completed secondments at the HCA working on financial transaction housing programmes in London. This decision therefore, seeks approval to enter into a consultancy contract with PWC as they would come with valuable experience in the very subject area upon which the review is to focus.
- 1.6 Officers acknowledge that because the value of the proposed contract section 4 of the GLA's Contracts and Funding Code ("Code") requires that such services be secured by way of call-off from a suitable framework or by tender process. Section 5 of the Code however, provides that exemptions from that requirement maybe approved where the proposed provider has previous involvement in a specific current project or it involves a continuation of existing work which cannot be separated from the new project/work. Here PWC has a member of staff who was recently seconded at the Homes and Communities Agency (HCA) working on Financial Transactions housing programmes in London. Duties included undertaking due diligence on applications for loan and equity investments; reviewing the funding packages requested by bidders; assessing the availability of existing and proposed developer/bank facilities and identifying financial and commercial risks on projects and recommending approaches to manage those risks. This present a unique opportunity for the GLA as the PWC consultant would come with extensive experience working on financial transaction housing programmes in London.
- 1.6 The PWC consultant will advise on the review of Financial Transactions transferring insights and experience to GLA staff by drawing on their experience working on Financial Transactions at the HCA. The Consultant will also act to oversee the Housing Zones bid assessment process
- 1.7 Total costs will not exceed £50,000 and will be paid from the Housing & Land Directorate's consultancy budget.

## **2 Objectives and expected outcomes**

2.1 The consultant will work within the Housing & Land directorate for a period of up to 31 working days. Key responsibilities will include but are not limited to:

2.1.2 Feeding into and supporting a joint review on behalf of the Housing and Land directorate. Including by:

- Co-ordinating input and opinion gathering in relation to interaction risk with HCA investment.
- Co-ordinating and observing interviews with relevant participants from Housing and Land.
- Provide further insight into how the GLA can ensure it has appropriate internal skills and capacity.
- Reviewing drafts of reports and findings and recommending changes.

2.1.3 Overseeing the Housing Zone proposals to ensure consistency and a sound commercial approach. Including by:

- Reviewing all Housing Zones submission summaries provided by Area Managers, identifying common risks, issues and features.
- Reviewing all Gateway 1 decision forms and managing proposals through the Challenge Panel process.
- Providing a consistency check in relation to HIG and MD paperwork.
- Post formal decision producing a 'Schedule 1' list of outputs and the funding and repayments associated with them and clear timetable for their achievement. This will form the basis of the contract.
- Acting as a high-level client for external legal advisors in relation to the finalisation of Housing Zone contracts, including review of all contracts prior to sign-off.

2.1.3 Reviewing GLA's current processes and practices in relation to recoverable investments and overage and propose any necessary changes to management approach.

2.2 The GLA will benefit in procuring a consultant from PWC as the individual will come with in-depth knowledge of financial transactions and will be able to transfer knowledge, experience and skills to members of staff who will be responsible for financial transactions going forward.

## **3 Equality comments**

3.1 The public sector equality duty requires the identification and evaluation of the likely potential impacts, both positive and negative, of the decision on those with protected characteristics (age, disability, gender reassignment, pregnancy and maternity, race, gender, religion or belief, sexual orientation).

3.2 Procurement of an external consultant will have no effect, either positive or negative, on any of the equalities group listed above.

## **4 Other considerations**

4.1 There are considerable risks association with non-procurement of a PWC consultant as the GLA does not currently have staff with extensive experience working on Financial Transaction housing programmes nor would other consultancies be able to offer the same specialised knowledge as that provided by PWC consultant who has already worked on Financial Transactions at the HCA.

- 4.2 There are also risks associated with the consistency of Housing Zones allocations were an outside consultant not procured to oversee the approach.

## **5 Financial comments**

- 5.1 The £50k cost of this appointment can be met within the Housing and Land Management and Support Consultancy budget.
- 5.2 There are financial risks associated with taking on Financial Transaction funding as it currently amounts to at least £200m repayable by the GLA under any circumstances. Making this appointment and obtaining the advice of a consultant with experience in this area should help mitigate those risks.

## **6 Legal Comments**

- 6.1 The foregoing sections of this report indicate that the decisions requested of the Assistant Director fall within the GLA's statutory powers to fall within the discharge of the GLA's housing and regeneration functions contained in Part 7A of the Greater London Authority Act 1999 ("GLA Act") and section 30 and 34 GLA Act powers to do such things to promote or which may be considered are facilitative of or conducive or incidental to the promotion of economic development and wealth creation; social development; and the improvement of the environment, in Greater London.
- 6.2 Section 4 of the GLA's Contracts and Funding Code ("Code") requires that contracts with values of the level proposed to be let either as "call-offs" from suitable frameworks or following a tender exercise. Section 5 of the Code however, also provides that an exemption from this requirement may be approved where the provider has previous involvement in a specific current project or the services in question involve a continuation of existing work which cannot be separated from the new project/work. Officers have indicated in section 1 of this report that this is the case and therefore the Assistant Director may approve the exemption if satisfied with the content of this report.
- 6.3 Officers must ensure that appropriate contract documentation is put in place and executed by PWC and the GLA before the commencement of the services

## **7 Planned delivery approach and next steps**

<b>Activity</b>	<b>Timeline</b>
Procurement of contract	1 September 2014
Announcement	N/A
Delivery Start Date	8 September 2014
Final evaluation start and finish (self/external) [delete as applicable]:	28 November 2014
Delivery End Date [for project proposals]	N/A
Project Closure: [for project proposals]	N/A

## **8 Appendices and supporting papers: None**

**Public access to information**

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.

**Note:** This form (Part 1) will either be published within one working day after approval or on the defer date.

**Part 1 Deferral:****Is the publication of Part 1 of this approval to be deferred? NO**

If YES, for what reason:

Until what date: (a date is required if deferring)

**Part 2 Confidentiality:** Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

**Is there a part 2 form – NO**

**ORIGINATING OFFICER DECLARATION:**

Drafting officer  
to confirm the  
following (✓)

**Drafting officer:**

Heath Pritchard has drafted this report in accordance with GLA procedures and confirms that the Finance and Legal teams have commented on this proposal as required, and this decision reflects their comments.

✓

**HEAD OF GOVERNANCE AND RESILIENCE:**

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

**Signature:**

**Date:**