

MAYOR OF LONDON

Land for Council Homes Revenue Fund

Funding Prospectus

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CONTENTS

1. Overview	3
Background and policy objectives	4
Land for Council Homes Revenue Fund priorities	5
2. Bidding information	7
Eligibility	7
Outputs and definitions	7
Preparing bids	9
Assessment criteria and scoring	10
Strategic fit	10
Value for money	12
Deliverability	12
Contracts and programme management	13
Timetable	14
Monitoring and evaluation	14
Appendix: Supporting documents	15
Other formats and languages	16

1. Overview

- 1.1. The Mayor of London is committed to tackling London's affordability pressures and rising levels of housing need, including through the supply of new homes. Through the 2021 London Plan, the Mayor has set a target for 52,000 new homes to be built each year over the next 10 years, with a strategic target for half of these to be genuinely affordable. In the shorter term, the Mayor is funding 35,000 new genuinely affordable homes through his London Affordable Homes Programme (AHP) 2021-26.
 - 1.2. Councils are now contributing significantly to the supply of new affordable homes across London and will be delivering a substantive portion of the Mayor's AHP 2021-26, including the majority of homes for social rent. In 2021-22, local authorities started more new council homes in London than in any year since 1979, and more than in the rest of England put together. This resurgence in council homebuilding has been aided by initiatives such as the Mayor's [Building Council Homes for Londoners](#) (BCHfL) programme and his [Homebuilding Capacity Fund](#) (HCF), both of which were launched in 2018.
 - 1.3. The Mayor recognises that councils face significant barriers to upscaling their local housing delivery programmes, including challenges relating to land supply. The Mayor has established a new £4m Land for Council Homes Revenue Fund (LCH Revenue Fund) to respond to this challenge, and to help boroughs identify a strategic pipeline of land for future council-led affordable housing delivery. The primary objective of the LCH Fund is to provide financial support to boroughs that have a short supply of land that is suitable for development, and that also have ambition to upscale their affordable housing delivery programmes over the next decade.
 - 1.4. The LCH Revenue Fund also supports land supply projects that build in-house skills and capacity of council housing, planning and regeneration teams; foster collaboration across London boroughs; and can demonstrate equality, diversity and inclusion (EDI) outcomes for the long-term benefit of Londoners.
 - 1.5. This document sets out background and policy objectives of the LCH Revenue Fund. It also outlines detailed bidding information for prospective projects, including relevant assessment criteria. Bidding for the LCH Revenue Fund opens on **Friday 8 July 2022**. Bids must be submitted to the GLA's Open Project System (OPS) by **6:00pm on Friday 2 September 2022** to be eligible for funding.
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Background and policy objectives

- 1.6. In 2020, City Hall published [Building London's Future: The Next Generation of Council Homes](#). The research explored and identified ways in which local authorities could upscale local housing development programmes over the next decade, drawing from the experiences of councils across London and GLA analysis. The report acknowledged several key barriers faced by councils wishing to build more homes and noted that these challenges, if left unaddressed, could constrain future delivery ambitions. The report set out that land supply is a potential biting constraint to increased delivery of council homes beyond the current BCHfL programme.
- 1.7. The research highlighted several land supply challenges:
 - At the aggregate level, there is enough council-owned land across London for boroughs to significantly increase rates of homebuilding. However, the profile of council-owned land is highly divergent across London. Some boroughs have very limited land capacity (including those with ambitious delivery programmes), while other boroughs have significant land holdings.
 - Council housing developments are typically built on land held in a council's Housing Revenue Account (HRA). There are limited examples of affordable housing development on General Fund sites, and little land is being acquired from other landowners.
 - The most common council-led developments are estate regeneration and smaller developments on infill or garage sites.
 - Councils have notable freehold ownership of industrial, retail and office space. Some of this land has the potential to accommodate new homes – including via industrial intensification or co-location, where there is a principle of release for residential use. However, many of these sites are likely to be more challenging to build out.
 - Internal resourcing constraints and organisational pressures to deliver new homes quickly mean that councils typically lack the skills, resources and incentives to identify a long-term pipeline of sites for affordable housing delivery. Skills and capacity constraints also limit the ability of some councils to identify, acquire or assemble larger or more complex sites for development.
- 1.8. The research, which was endorsed by London Councils and participating boroughs, recommended that targeted revenue funding should be made available to help boroughs overcome these specific land supply challenges; and to support councils

to develop the skills and resources to take a more strategic – and potentially more comprehensive – approach to identifying and securing land. The new LCH Revenue Fund will support this objective.

- 1.9. In 2020, the GLA commissioned and published guidance about the legal framework that governs land appropriations between a council's General Fund and its HRA. This guidance also implemented one of the recommendations of the Building London's Future research. The guidance aims to facilitate the potential appropriation of General Fund land into the HRA for affordable housing delivery. The legal guidance is published [here](#). Boroughs are encouraged to review this guidance in considering whether General Fund assets could be maximised to enable delivery of affordable housing.

Land for Council Homes Revenue Fund priorities

- 1.10. **Overarching priority: to identify and unlock a pipeline of land to help councils significantly scale up local affordable housing delivery programmes.** The overarching priority of the LCH Revenue Fund is to help boroughs identify and unlock sites that will enable increased council-led affordable housing delivery over the long term – that is, over the next 10 years. The GLA will prioritise bids from boroughs that are seeking to increase their local housing delivery programmes over the next 10 years and that are experiencing land supply issues that could constrain these future delivery ambitions. Land supply constraints could include a broad range of issues, including (but not limited to): lack of local land strategy; lack of developable council-owned sites; lack of in-house skills to unlock land for development; and/or site-specific issues that are stalling delivery. The GLA is not setting any prescriptive parameters about the types of projects for which councils can bid to secure funding; however, indicative examples of potential projects are outlined at paragraph 2.4, below.
- 1.11. The GLA recognises that councils across London are at different stages of their development programmes and will require different interventions to help identify sites and to unlock supply. The anticipated pipeline of land should ideally include larger and more complex sites, including sites held outside of the borough's HRA – including development opportunities in the borough's General Fund; sites held by other public sector and private landowners; and opportunities for industrial intensification and co-location (where this can be released for residential development and retail development). In developing projects, councils should ensure any long-term development plans (including land interventions) account for strategic and local planning objectives – including those relating to levels and types of housing need. The pipeline of land should protect council-led housing delivery over the next 10 years, and is not expressly tied to delivery of the AHP 2021-26.

- 1.12. **Secondary priority: to build in-house skills, resources, and capacity to enable larger and more comprehensive land interventions to become commonplace in the future.** A secondary objective of the LCH Fund is to help to increase skills, resources and capacity of local housing teams – particularly where it can be demonstrated that specialist skills or expertise will (or can) be retained by the in-house housing team over the long-term – that is, over the next ten years. Such skills could include or relate to land assembly, land acquisition or private sale by treaty. This priority does not preclude bids to fund external consultants, however the GLA is keen to prioritise proposals that directly enable the upskilling of permanent staff.
- 1.13. **Secondary priority: to enable greater collaboration to identify and unlock sites for council housing development.** This should include collaboration with other boroughs (for example, to unlock sites that sit at cross-borough boundaries); other teams within the council (for example, those that are responsible for assets held in the General Fund that could be suitable for development and/or intensification); and/or other public-sector landowners (including via One Public Estate). Collaborative projects also include proposals where boroughs commit to sharing or disseminating outputs with other boroughs across London to share learning and best practice.
- 1.14. In addition to the above priorities, and in line with the public sector equality duty as introduced in the Equality Act 2010, councils should demonstrate how the funding and associated projects will further their equalities objectives in their local area. Outcomes could include strategies that identify sites for a broad range of resident groups (including people with particular protected characteristics, especially where they have particular housing needs) and/or strategies that promote organisational EDI outcomes within the council.

2. Bidding information

Eligibility

- 2.1. All London councils are eligible to bid for funding from the LCH Revenue Fund. Eligibility includes both councils and wholly owned council housing delivery vehicles; and is not limited to boroughs that have an active development programme or funding agreement with the GLA. Prospective bidders are reminded that they must be a registered provider of social housing if they enter into contract with the GLA to provide low-cost rental accommodation.
- 2.2. Boroughs are encouraged to submit joint bids with other London councils, including where this may unlock land that sits across multiple borough boundaries. Where this is the case, one single lead council will be required to act as accountable body for the joint proposal and any funding that may be awarded.

Outputs and definitions

- 2.3. In assessing bids for the LCH Revenue Fund, the GLA will score projects in accordance with assessment criteria that emphasises outcomes. The LCH Revenue Fund does not set any prescriptive requirements about the types of outputs that are associated with council proposals. Note, however, that successful councils will be required to specify outputs that will be captured within their funding agreements with the GLA. Councils are encouraged to consider the indicative example projects outlined at paragraph 2.4, below, when considering applying for this fund.
- 2.4. Projects may include (although are not limited to) the following types of proposals that will enable the delivery of the following outputs:
 - employment of in-house staff or consultancy services, including specialist staff to help councils to undertake more complex land interventions
 - review and/or development of local authority land or estates strategies
 - procurement of specialist services to create a database of council assets, including digital mapping tools
 - commissioning of feasibility studies and/or due diligence to understand suitability of individual sites for affordable housing development

- production of masterplans and/or business cases to underpin future development, including in areas with significant growth potential
- production of robust business plans that relate to land identification, which could then be used to help secure associated capital funding in the future.

2.5. The GLA will not fund any projects that should otherwise be funded through 'business-as-usual' expenditure.

2.6. The LCH Revenue Fund adopts a broad definition of land supply. The GLA encourages bids that may help to unlock the following types of sites and development opportunities:

- large, strategic sites
- intensification or co-location of existing sites with alternative uses, including industrial sites, retail sites, schools, clinics and/or other public services
- small sites, including garage or infill sites
- Gypsy and Traveller pitches
- regeneration or retrofit of existing council-owned sites where this will yield significant additional affordable homes, including estate regeneration and rooftop opportunities
- sites for specialist and supported housing.

2.7. Projects arising from the LCH Revenue Fund are not guaranteed to receive any capital funding from the GLA in the future (for example, to fund associated land interventions or development proposals if these reach capital delivery phase). However, the GLA encourages local authority delivery partners to speak to their relevant GLA Area Manager about prospective capital funding opportunities, as these may be made available in the future.

2.8. The purpose of the LCH Revenue Fund is to help boroughs to upscale their housing delivery programmes significantly over the next decade (2022-32) through the identification and unlocking of land supply. While the GLA invites bids for projects that seek to de-risk delivery of the Mayor's AHP 2021-26, these bids will not be prioritised over other bids that aim to promote housing delivery outside of this programme cycle. While projects should support affordable housing delivery over the next 10 years, successful councils must draw down all LCH Revenue Fund funding by March 2025.

- 2.9. The LCH Revenue Fund also aims to support council-led housing delivery – that is, affordable housing development led by in-house housing teams or council-owned housing delivery vehicles (rather than unlocking land in the borough for development led by other parties).
- 2.10. Bids for LCH Revenue Fund projects should align with policies and designations set out in relevant local plans and the London Plan 2021 local planning policies. In particular, projects should align with local planning policies that relate to land use (including restrictions) and affordable housing, as well as policies including standards relating to good growth, sustainability and design.

Preparing bids

- 2.11. The LCH Revenue Fund will make up to £4m available for councils to spend across 2022-23, 2023-24 and 2024-25.
- 2.12. Councils are invited to bid for funding up to a cap of £400,000 each. Each bid may contain up to four separate projects, and individual projects can contain multiple outputs. For example, if a borough submits a project that relates to procuring specialist staff, that project could fund multiple roles that deliver against the same objective. Following the evaluation of bids, the GLA may decide to fund only one or more of each council's projects, rather than all projects that form part of a wider bid. Therefore, proposals should not be interdependent on each other.
- 2.13. As set out in paragraph 2.2, above, boroughs may also participate in joint bids with one or more other boroughs across London. Joint bids are capped at £750,000, for up to four projects. Where boroughs are submitting, a lead council will be required to act as accountable body for the joint proposal and any funding that is awarded. There are no restrictions on the number of joint bids in which councils can participate.
- 2.14. Within each proposal, councils must include itemised costings for individual activities.
- 2.15. Bids will be assessed by the GLA in accordance with the assessment criteria and weighting set out below. An initial shortlist of bids will be identified, which will be followed by a round of GLA internal moderation and potential negotiation with bidding parties. The funding agreements will not be subject to negotiation, and the GLA will only be able to make awards on the basis of the highest-scoring bids received. Any moderation and decision-making activities will be undertaken solely by reference to the assessment criteria set out below.
- 2.16. Bidding for the Mayor's LCH Revenue Fund opens on Friday 8 July 2022 and bids must be submitted on the GLA's [OPS](#) by 6:00pm on Friday 2 September 2022.

Assessment criteria and scoring

- 2.17. The GLA recognises that the land supply profile across London is highly divergent; that councils are at different stages of their local housing delivery programmes; and that local authorities will have distinct funding priorities. The GLA expects to support a balance of proposals, to ensure funding can support a range of London boroughs and deliver different types of projects.
- 2.18. Proposals (including joint proposals) will be assessed by the GLA against the criteria and weightings outlined below.

<p>Strategic fit</p> <p>Proposals scoring highly will demonstrate how they will deliver against the funding priorities set out below (and as set out in Section 1 above), specifically:</p> <p><i>Identifying and unlocking a pipeline of land to enable increased affordable housing delivery (35 points)</i></p> <p>Proposals scoring highly will:</p> <ul style="list-style-type: none"> • Clearly set out information about the council's housing delivery programme, including ambitions relating to affordable housing delivery between 2022-32 (including any local targets). The GLA will score bids highly where the borough can evidence a clear commitment to increasing their affordable housing delivery programme and where future housing delivery ambitions will help to address local housing demand (ten points). • Clearly set out information about the council's land supply profile, including information about the extent to which the borough has identified land in council ownership that is suitable for development (including HRA and General Fund sites). The council should provide information about its local land strategy, including typical approaches to identifying land for housing development (five points). • Clearly set out information about the council's issues or constraints relating to land supply, including specific challenges that are inhibiting – or which may inhibit – future delivery of affordable housing. The GLA will score bids highly where the borough can evidence land supply constraints and set out how these constraints are likely to impact future affordable housing delivery ambitions (five points). 	<p>50%</p>
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- Clearly set out a problem definition and theory of change regarding project outcomes, including detail about how proposals will contribute to increased land supply and help boroughs to scale-up local delivery programmes (ten points).
- Proposals will demonstrate how the project supports the objectives set out in the council's local plan and the current London Plan (five points).

Councils submitting joint bids will be expected to address the points raised above for each of the participating boroughs. Joint bids will score highly where the proposal can demonstrate the project will benefit the affordable housing and other strategic priorities of all participating boroughs.

Note the GLA will have the discretion to draw from its own internal data and resources to help supplement the evidence base of bids, including publicly held datasets such as the London Plan 2021 and Strategic Housing Land Availability Assessment (SHLAA).

Develop in-house skills and capacity (five points)

Proposals scoring highly will:

- Clearly set out the council's in-house capacity to deliver against its affordable housing programme. The GLA will score bids highly where in-house skills or capacity deficit to deliver against the council's future housing delivery ambitions is properly articulated.
- Clearly set out how the proposed project will contribute to increasing the skills and capacity of the council's in-house teams. While the GLA does not preclude bids for consultants or agency staff, the GLA will score bids highly where a council can evidence a project will help to upskill and benefit the in-house team.

Foster collaboration across London (five points)

Proposals scoring highly will clearly set out how a proposed project will foster collaboration with other boroughs; other public sector landowners; and/or other internal teams within the council (for example, those teams that are responsible for managing assets held in the General Fund that could be suitable for development).

<p><i>Promote equality, diversity and inclusion outcomes (five points)</i></p> <p>Proposals scoring highly will clearly demonstrate how the proposed project will further equalities objectives in the council’s local area. Such equalities outcomes could include those that benefit resident groups (including those with protected characteristics) and/or strategies that promote organisational EDI outcomes within the council. Note that any organisational strategies should go above and beyond the EDI Action Plan the Mayor has set through his AHP 2021-26 requirements.</p>	
<p>Value for money</p> <p>Proposals scoring highly will:</p> <ul style="list-style-type: none"> • set out key milestones and include itemised costings, spend profile and any match-funding (five points) • provide adequate assurance and evidence that cost estimates are robust (five points) • demonstrate that costs within the proposal cannot be funded through other means, and that they do not form part of ‘business-as-usual’ expenditure (five points) • explain how proposals will make optimal use of use of resources and deliver high-quality, sustainable outcomes (five points) • deliver good value for money, when compared against similar activities proposed by other bidders (five points). <p>Note that value-for-money assessments will be applied to the council’s proposed project, rather than to longer-term land interventions or affordable housing development that may arise from LCH Revenue Fund projects.</p>	25%
<p>Deliverability</p> <p>Proposals scoring highly will:</p> <ul style="list-style-type: none"> • clearly outline the outputs and outcomes that are expected to be delivered, including itemised costings and spend profile for outputs (10 points) 	25%

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| <ul style="list-style-type: none">• explain how outputs and outcomes will be measured (five points)• set out timescales for delivery (five points)• clearly identify risks to delivery and how these will be mitigated (five points). | |
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Note that deliverability assessments will be applied to the council's contractual outputs, rather than to longer-term land interventions or affordable housing development that may arise from LCH Revenue Fund projects.

- 2.19. During the assessment process, no additional weighting will be attached to proposals that deliver against earlier milestones in the LCH Revenue Fund programme, given the priority of the LCH Revenue Fund is to generate long-term outcomes.
- 2.20. When assessing bids, the GLA will consider the ways in which boroughs have accessed previous HCF grants in the past, only to ensure any new funding builds on this previous round of funding and to minimise any duplication. The GLA recognises that not all London councils previously bid for (or obtained) HCF grant-funding.

Contracts and programme management

- 2.21. Councils will be required to enter into a standard form of grant agreement with the GLA for delivery of projects supported by this fund. While the GLA will negotiate with councils about individual projects, the form of grant agreement is non-negotiable. Funding will be available during the financial years 2022-23, 2023-24 and 2024-25. Proposed milestones and outputs provided by councils as part of their bids will be considered by the GLA for incorporation into funding contracts.
- 2.22. Boroughs that are successfully allocated funding are required to draw down 60 per cent of their total grant by March 2023. Successful projects will be awarded grant in line with the following payment milestones:
- year one: 60 per cent payment
 - year two: 20 per cent payment
 - year three: 20 per cent payment.

2.23. The GLA reserves the right to claw back funding where progress against project specifications cannot be evidenced.

Timetable

2.24. The Mayor's LCH Revenue Fund will operate in line with the following timetable:

- LCH Revenue Fund prospectus published: Wednesday 29 June 2022.
- Bidding opens on OPS and publication of contracts: Friday 8 July 2022.
- Deadline for bid submission: 6:00pm, Friday 2 September 2022.
- Allocations announced and contracts executed: October to December 2022.
- Programme ends and project completion: March 2025.

Monitoring and evaluation

2.25. The GLA will commission an external evaluation of the LCH Revenue Fund to monitor and report on the effectiveness of individual projects (and the wider programme) against the policy objectives set out above. Boroughs should factor this into their plans from the outset. The GLA reserves the right to request additional data from boroughs throughout the course of the LCH Revenue Fund programme to assist with monitoring and evaluation activities.

Appendix: Supporting documents

The GLA encourages councils to read the following supporting information, which may be useful in preparing bids.

- [Building London's Future – The Next Generation of Council Homes](#): In October 2020, the GLA published research about council housebuilding in London, prepared with support from London Councils and 12 London boroughs. The research explores barriers to future increased council housing delivery and makes recommendations about how to overcome these challenges. The evidence set out in this research has underpinned the creation of the new LCH Revenue Fund.
- [Homebuilding Capacity Fund – Review and Evaluation](#): In December 2021, the GLA published an external evaluation of the HCF – a £10m revenue fund that launched in 2018 and ended in 2021. The evaluation was conducted by WSP/PRD and draws conclusions about the effectiveness of the HCF in increasing council housing supply in London through the Mayor's BCHfL programme. The evaluation sets out several examples of particularly successful revenue fund projects.
- [Delivering Quality Homes Handbook \(Draft\)](#): In November 2021, the GLA published a new handbook offering guidance about how to ensure quality in the development of new affordable homes. The handbook also offers advice to housing teams about the types of in-house skills and capacity requirements of high-performing development teams.

Other formats and languages

For a large print, Braille, disc, sign language video or audio-tape version of this document, please contact us at the address below:

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