

REQUEST FOR DIRECTOR DECISION – DD1198

Title: Press and Broadcast Centres Lease

Executive Summary:

The London Legacy Development Corporation (“Legacy Corporation” or “LLDC”) seeks prior Mayoral consent to the LLDC Board’s decision to approve the granting of a lease for the Press and Broadcast Centres to iCity, the company selected to transform the centres into a world-leading creative and digital cluster, following the meeting of all conditions of an Agreement for Lease signed by LLDC and iCity on 16 May 2013. Approval is required because the land falls within the purview of the National Lottery Repayment Agreement.

The Executive Director of Housing and Land, or such other specified Senior Member of GLA staff is authorised (under MD1166) to discharge and exercise the Mayoral functions under the LLDC Governance Direction 2013 (approved by MD1227).

Decision:

That the Executive Director consents to the LLDC Board’s decision to approve the granting of a lease for the Press and Broadcast Centres to iCity (under MD1227) as described in this report.

AUTHORISING DIRECTOR

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: David Lunts

Position: Executive Director of Housing and Land

Signature:

Date: 07/05/14

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1 In October 2011, the Olympic Park Legacy Company (now succeeded by the London Legacy Development Corporation) invited bids for legacy uses of the former Press and Broadcast Centres to form the first commercial space on the future Queen Elizabeth Olympic Park (QEOP). On 17 July 2012, the LLDC Board approved a decision to appoint iCity as preferred bidder for the long leasehold of the Press and Broadcast Centres and surrounding land.
- 1.2 The preferred bidder appointment was made subject to a number of requirements in respect of funding, securing tenants and employment targets for the scheme, that had to be fulfilled prior to the LLDC entering into the main Agreement for Lease (AfL) with iCity. In addition to these requirements, there were a number of design, planning and legal matters that had to be resolved prior to the AfL being agreed. These are detailed in Part 2 of this Form.
- 1.3 On 29 November 2012, BT announced that it had chosen iCity and northern studios in the Broadcast Centre as the home of its new BT Sport channels. Early occupation of the Broadcast Centre by BT demonstrated early market confidence in the iCity vision, and was felt to act as a strong anchor tenant with the potential to attract interest from other tenants, creating up to 300 jobs at peak times, and further employment during construction from July 2013.
- 1.4 On 5 December 2012, the Board of the Legacy Corporation endorsed LLDC entering into an Agreement for Lease and 10 year lease with iCity for the early occupation by BT in the Broadcast Centre, and confirmed that the BT deal satisfied a number of the requirements in the Preferred Bidder letter. BT submitted a planning application for the BT Sport area in December 2012.
- 1.5 Subsequently, following the meeting of all requirements in the Preferred Bidder letter, the LLDC Board, at its meeting on 26 March 2013, agreed that the LLDC Chief Executive be given delegated authority to enter into the AfL, and subsequently the 200 year lease with iCity for the whole Press and Broadcast Centres site, (and associated car parking agreement for the term of the lease), once planning permission had been obtained, at which point the 10 year lease to iCity of the BT demise would be subsumed into the main lease. The decision to enter into the AfL and lease with iCity was supported by a Full Business Case for the project, which is provided as a supporting document to Part 2 of this Form.
- 1.6 iCity's planning application for the Press and Broadcast Centres was approved, subject to conditions, by the LLDC's Planning Decisions Committee on 25 February 2014.
- 1.7 The main AfL between LLDC and iCity stipulated a number of further conditions that had to be met before the lease could be signed. These are also set out in Part 2 of this Form. The conditions of the AfL have now been met.
- 1.8 The iCity development, now named "Here East", builds on the creative and entrepreneurial heritage of Hackney Wick, and aims to create a leading centre for technology, design and research that will harness innovation and creativity in East London. Other confirmed tenants of "Here East" include Loughborough University, which will create a new campus offering postgraduate and executive education and enable the University to further its world-leading research and innovation; Hackney Community College, which will provide the UK's first digital apprenticeship programme; Infinity SDC, the UK's fastest growing provider of data centre services in the UK, and Tech Hub, which will develop and operate an incubator and accelerator space for start-up businesses.

- 1.9 This matter falls under the issues that the Mayor is required to provide prior consent under Paragraph 4.5 of the LLDC Governance Direction 2013 (approved by MD1227), as the land falls within the purview of the National Lottery Repayment Agreement.
- 1.10 The LLDC Governance Direction 2013 gave the Executive Director of Housing and Land, or such other specified Senior Members of GLA Staff authorised under the Mayoral Scheme of Delegation (as approved by MD1166), and as amended from time to time, delegated authority to discharge and exercise the Mayoral functions under the Direction.

2. Objectives and expected outcomes

- 2.1 iCity's vision for the Press and Broadcast Centres is to create a home for world-leading creative and digital companies at the heart of Queen Elizabeth Olympic Park. "Here East" will be a significant generator of employment, training and education opportunities across the Park and will support East London's flourishing creative and digital industries. It will create over 7,500 jobs, including 5,300 directly on-site and a further 2,200 in the local community through the impact of using local supply chains and new business generation.

3. Other considerations

a) key risks and issues

Risks are set out in Part 2 of this Form.

b) links to Mayoral strategies and priorities

The Mayor's London Plan states that "The Mayor will work with partners to develop and implement a viable and sustainable legacy for the Olympic and Paralympic Games to deliver fundamental economic, social and environmental change within East London and to close the deprivation gap between the Olympic Host Boroughs and the rest of London. This will be London's single most important regeneration project for the next 25 years". The signing of the lease for the Press and Broadcast Centres will generate thousands of jobs, and alongside existing businesses, will firmly establish East London as one of the UK's leading centres for innovation in the broadcast, media and tech sectors, which is essential to the delivery of this objective.

c) impact assessments and consultations.

The Legacy Corporation's priority themes were integrated into the procurement process which appointed iCity as the preferred bidder. iCity has been involved in a number of public engagement events to receive feedback on their proposals.

As described above, the development will generate significant new employment, supply chain and business opportunities. In particular, securing BT as an early occupier will accelerated the time that jobs will start to be delivered through the scheme.

iCity's planning application for the Press and Broadcast Centres demise has been reviewed by the Legacy Corporation's Built Environment Access Panel to ensure inclusive design. The Corporation's Regeneration Team and iCity have consulted with, Red 10, regarding the provision of apprenticeships. The LLDC's Sustainability Team also signed off all relevant sections of the planning application. There has been ongoing work with the design team at LLDC to ensure that the development is of the highest design quality, and it has also been reviewed by the Corporation's Quality Review Panel, which has critiqued all aspects of the buildings designs, and is supportive of the final design.

It is not considered that any additional impact assessment relating to this particular decision is required.

The Legacy Corporation consulted their Board, who by agreeing for the AfL to be signed, also gave permission for the lease to be entered into with iCity. The conditions for signing the lease also included obligations on LLDC which are important to iCity. If these were not met they would not enter into a lease with the Legacy Corporation.

The GLA has also been consulted on this decision. Under Paragraph 4.5 of the LLDC Governance Direction 2013, the Mayor's prior consent is required before the Legacy Corporation enters into the lease agreement with iCity. This Director's Decision constitutes that consent, given under delegated authority, in accordance with MD1227.

It is not considered that any additional consultation is required in respect of this decision.

4. Financial comments

- 4.1 Under the transformation works, the LLDC has an obligation to handover the Press and Broadcast Centres to iCity at an ODA Base Build standard. The LLDC has made provisions in its budget to mitigate the possibility that further work, particularly in respect of mechanical and engineering parts, may be required even after the transformation works are complete.
- 4.2 The signing of the lease itself does not trigger any financial payments.
- 4.3 There are no direct financial implications for the GLA from the specific decision to approve the LLDC entering into the lease with iCity, but as principal grant funder of LLDC the GLA is exposed to any risks of shortfalls in income from tenants.

5. Legal comments

- 5.1 This section covers legal issues not raised elsewhere. No particular legal implications arise from the matters in this Part.

6. Planned delivery approach and next steps

Activity	Timeline
Planning application approved	25 February 2014
Signing Lease/handover of Broadcast and Press Centre buildings	14 May 2014
Start of redevelopment works	July/August 2014
Completion of redevelopment works	Early 2017
First tenants move in to commence fit out	From early 2015
Full Occupation will be phased	Press Centre - expected early 2015; Broadcast Centre - from 2016 up to 2017

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? YES**

If YES, for what reason: Publication is to be deferred until the lease has been signed.

Until what date: Expected 15 May 2014

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 – YES**ORIGINATING OFFICER DECLARATION:**

Drafting officer to
confirm the
following (✓)

Drafting officer:

Michelle Reeves has drafted this report in accordance with GLA procedures and confirms that:

✓

Assistant Director/Head of Service:

Fiona Duncan has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

Financial and Legal advice:

The Finance and Legal teams have commented on this proposal, and this decision reflects their comments.

✓

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

Date