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| **REQUEST FOR MAYORAL DECISION – MD2858** |

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| **Title:** **EastPlus – sale of EastPlus Plot 45, Ferry Lane, Rainham** |

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| **Executive summary:**  This Mayoral Decision (MD) seeks approval for GLA Land and Property Limited (GLAP) to progress the freehold sale of a plot of vacant industrial land in the EastPlus property portfolio to The Capital Dairy Company (Holdings) Limited. The disposal will enable the development of new industrial premises in Ferry Lane, Rainham, in east London. This will contribute to the regeneration of the local area and complement another local dairy that GLAP has helped to deliver on a nearby former EastPlus plot.  This MD also seeks approval for GLAP to transfer a small piece of land off Halyard Street, Dagenham Dock, to the same company to make space in the dairy yard for maintenance access to an electrical substation that also serves other GLAP-owned land in the EastPlus portfolio. |

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| **Decision:**    That the Mayor approves:   1. the disposal by GLAP of EastPlus Plot 45 (formerly Beam Reach 8 Plot 8) in Ferry Lane, Rainham, to The Capital Dairy Company (Holdings) Limited, materially on the terms set out in Part 2 of this Decision Form 2. GLAP entering into a deed of variation to the EastPlus Development Agreement dated 31 March 2016 (as amended) to facilitate this land sale 3. the disposal by GLAP of approximately 0.04 hectares (0.1 acres) of land at the eastern end of Halyard Street in Dagenham Dock to The Capital Dairy Company (Holdings) Limited, materially on the terms set out in Part 2 of this Decision Form 4. expenditure by GLAP on the EastPlus project of up to £95,000 on the sale costs of EastPlus Plot 45. |

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| **Mayor of London**  I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority.  The above request has my approval. | |
| **Signature:** | **Date:** |

**PART I – NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR**

**Decision required – supporting report**

1. **Introduction and background**
   1. Industrial land and property in east London owned by GLA Land and Property Limited (GLAP) is being developed under an existing agreement with SEGRO Development Properties Ltd (SEGRO) pursuant to Mayoral Decision (MD1620), which approved their selection as development partner by entry into a development agreement in accordance with the GLA’s disposal plan.

Background

* 1. The development of the EastPlus portfolio has the potential to create up to 4,000 jobs by 2026-27.
  2. EastPlus Plot 45 is the smallest of four industrial plots in the EastPlus portfolio in Ferry Lane, Rainham, that are collectively being marketed by SEGRO further to their obligations under the development agreement dated 31 March 2016 (the EastPlus DA). Plot 45 is located on the eastern side of Ferry Lane near to Easter Park Rainham, in the London Borough of Havering, and has an entrance directly off Ferry Lane, an adopted highway.
  3. The industrial site (no buildings) comprises approximately 0.18 hectares (0.44 acres) gross and is located at the rear of Harbour House (Coldharbour Lane, RM13 9YA), a landmark multi-storey commercial building. The development site is fenced off from other land on its south-eastern boundary that will be retained by GLAP for: public open space; and a footpath linking Ferry Lane to Coldharbour Lane (to the east) in Rainham. The site is within walking distance of Rainham Railway station (London, Tilbury and Southend Railway Line).
  4. The land drawdown process prescribed in the EastPlus development agreement requires the developer, SEGRO, to submit a Site-Specific Development Plan (SSDP) to GLAP for the developer to develop the site in accordance with the SSDP and planning consent. The small size of the plot (which is physically constrained on all sides) makes it uneconomical for SEGRO to develop. So, after offering the plot for sale during 2020-2021 for a suitable use, it is proposed that GLAP sells the freehold of the plot directly to The Capital Dairy Company (Holdings) Limited, incorporating in the sale documentation both the buyback and overage conditions as provided for in the EastPlus DA, to ensure that the site is put to economic use fairly promptly.
  5. SEGRO has agreed to waive its rights under the EastPlus DA, in particular foregoing the developer’s profit, in respect of EastPlus Plot 45, an arrangement that requires a minor deed of variation to the development agreement. SEGRO will be reimbursed (from the proceeds of the plot sale) for its site survey and site clearance costs (which would be expected to be incurred to effect the sale)after:
* these costs have been scrutinised by GLAP’s cost consultant on EastPlus, Lambert Smith Hampton (LSH)
* GLAP has received a VAT invoice for the agreed sum.
  1. The legal costs for the sale on EastPlus Plot 45 (and for other plots in the EastPlus portfolio) are scrutinised and managed by TfL Legal.
  2. The rate of plot sales from the EastPlus portfolio (three in the 2020-21 financial year) and the new premises recently completed by SEGRO in Ferry Lane (circa 9,290 square metres/100,000 square feet of a food distribution warehouse for Wanis International Foods) and in Hindmans Way, Dagenham Dock (a new dairy) is indicative of the good progress that has been made on the project and the GLA’s role in the regeneration of the local area.
  3. SEGRO has also collaborated with GLAP to improve the local highway infrastructure serving The Capital Dairy Company (Holdings) Limited’s new dairy in Hindmans Way in time for its opening pursuant to MD2437 (dated 11 July 2019), and has strengthen the local electricity supply network (where they are developing EastPlus land) by constructing several local new substations in the last year pursuant to MD2771 (dated 2 March 2021).

1. **Objectives and expected outcome**

Sale of EastPlus Plot 45

1. The central objective of this decision is to capture a development opportunity. The direct sale of industrial land by GLAP to an established local employer will also achieve best consideration.
2. The sale of EastPlus Plot 45 will enable a local dairy to expand their business operations in the area, after the dairy business moved last summer into new premises that have been provided on former GLAP land in Dagenham.
3. The sale of EastPlus Plot 45 will achieve a higher land value for GLAP than would be the case were SEGRO to develop the plot speculatively. The land receipt is expected to be received in April 2022.
4. The disposal will also maintain the pace of development in Ferry Lane where, after the sale of EastPlus Plot 45, there will be two remaining plots in the EastPlus portfolio. These are Plots 24 and 26, for which a planning application was submitted by SEGRO on 19 July 2021 to the London Borough of Havering.
5. SEGRO helped broker the land price for EastPlus Plot 45 and is in agreement with the terms of sale.

Sale of land off Halyard Street, Dagenham Dock

1. The transfer of the small plot in Dagenham Dock to The Capital Dairy Company (Holdings) Limited will enable them to provide space in the yard of their new dairy, recently built by SEGRO, for the local distribution network operator to access/maintain the newly constructed substation in Halyard Street. This benefits EastPlus Plots 63 and 64, without compromising how their private yard is used.
2. Without this additional space, maintenance of the substation in Hindmans Way by the local network operator would have to take place from the highway, a busy shared-access road owned by GLAP. This road is not designed for on-street parking/unloading of HGVs, nor for the handling of maintenance plant, and so would pose a highway safety concern for the operatives and for the owner of the highway.
3. SEGRO has been consulted about this land transfer and fully supports this course of action.

Mayor’s strategies and priorities

1. The longer-term benefits to the area (and to the GLA) of the proposed two land sales are:

* the potential for millions of pounds of investment in the Ferry Lane industrial area
* reinforcing the regeneration of the area between Hindmans Way and the City Wholesale Markets site in Chequers Lane in Dagenham, to the east
* the potential to achieve business synergies for a family-owned small and medium-sized enterprise with operations spanning Barking (at 17 Thames Road), Dagenham (in Hindmans Way) and, in future, Rainham (Ferry Lane)
* more partnership working with SEGRO and food businesses, with the potential to improve last-mile food distribution in London.

1. **Equality comments**
   1. Under section 149 of the Equality Act 2010, as public authorities, the Mayor and the GLA are subject to a public-sector equality duty and must have ‘due regard’ to the need to: eliminate unlawful discrimination, harassment and victimisation; advance equality of opportunity between people who share a relevant protected characteristic and those who do not; and foster good relations between people who share a relevant protected characteristic and those who do not.
   2. Protected characteristics under section 149 of the Equality Act are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation, and marriage or civil partnership status.
   3. Throughout the decision-making process relating to the approvals being sought in this Decision Form to facilitate the property disposals, due regard has been had to the ‘three needs’ outlined above. An evaluation has concluded that the sales have not identified any issues that adversely affect any groups with protected characteristics.
2. **Other considerations**.
   1. After the sale of EastPlus Plot 45, GLAP will cease to be responsible for securing and insuring the site. As GLAP will not be providing services to the buyer of the plot, there will be no service charge.
   2. As with any development on brownfield land, there is the risk of encountering ground contamination from historic uses in the area. GLAP (the seller) of EastPlus Plot 45 has not used or let the plot during its ownership, so will not be providing environmental warranties to the buyer.
   3. In order to protect and safeguard the existing public open space (POS) and a footpath located at the side of EastPlus Plot 45, restrictive covenants will be included in the land transfer to, for example, prohibit the discharge of waste onto the adjacent POS area. The need for these restrictions is understood by the prospective buyer because the land being sold is part of a larger title (title number EGL 387875).
   4. Each party is to pay their own legal and surveyors’ costs in connection with the sale of EastPlus Plot 45 and the land off Halyard Street. As with all EastPlus plots, GLAP pays for the services of its own specialist cost consultant, LSH.
   5. The purpose of a deed of variation to the EastPlus DA (and ancillary documentation) will be to record that EastPlus Plot 45 is removed from the EastPlus industrial portfolio for the purpose of the development agreement. This reflects what has been agreed in principle with SEGRO, who recognise that, by allowing GLAP to keep nearly all the proceeds of sale of that plot, this will help GLAP to dispose of the remaining two EastPlus plots in Ferry Lane in due course. This is important because EastPlus Plots 24 and 26 in Ferry Lane are the most challenging plots in the portfolio to develop, due to the presence of extensive historic ground contamination, which is likely to mean that the residual land value of these two plots for industrial uses (compatible with the Local Plan, etc.) is low. This is not a material change to the development agreement for the purposes of the Public Contracts Regulations 2015.
   6. This decision will support:

* the exit strategy for the Mayor’s land and property portfolio
* the continued comprehensive regeneration of brownfield land in east London, leading to the creation of many jobs, both directly and indirectly
* the economic development of the Dagenham Dock and the Ferry Lane industrial areas
* London’s recovery through spatial development and job creation.
  1. There are no conflicts of interest to declare from any officer involved in the drafting or clearance of this decision form.

1. **Financial comments**
   1. The decision is seeking approval for disposal of EastPlus plot 45 to The Capital Dairy Company (Holdings) Limited. VAT will be chargeable on the sales price. SEGRO, the developer of EastPlus will be reimbursed for site survey and clearance cost, from the disposal proceeds of the site.
   2. The decision is also seeking approval for the disposal of Halyard, a slither of land off Halyard Street, at Dagenham Dock, to The Capital Dairy Company (Holdings) Limited.
   3. A budget of £95,000 will be required to fund the costs associated with the disposal of the site, which is expected to be incurred during 2022-23.

1. **Legal comments**
   1. Section 30 of the Greater London Authority Act 1999 (as amended) (GLA Act) gives the Mayor a general power to do anything which he considers will further one or more of the principal purposes of the GLA as set out in section 30(2), which are:
2. promoting economic development and wealth creation in Greater London
3. promoting social development in Greater London
4. promoting the improvement of the environment in Greater London
   1. In formulating the proposals in respect of which a decision is sought, officers confirm they have complied with the GLA’s related statutory duties to:
   * pay due regard to the principle that there should be equality of opportunity for all people
   * consider how the proposals will promote the improvement of health of persons in Greater London, promote the reduction of health inequalities between persons living in Greater London, contribute towards the achievement of sustainable development in the United Kingdom and contribute towards the mitigation of or adaptation to climate change in the United Kingdom
   * consult with appropriate bodies.
   1. The GLA can dispose of interests in land, and so enter into the proposed transaction, on the basis that doing so will further one or more of the principal purposes set out in (i) to (ii) above. The GLA also has the power to do anything that facilitates, is conducive of incidental to doing so. The contents of sections 1-3 of this Mayoral Decision indicate that the decision sought of the Mayor falls within the GLA’s statutory powers.
5. **Planned delivery approach and next steps**
   1. The planned delivery approach and next steps are outlined in the table below.

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| **Activity** | **Timeline** |
| Finalisation of Heads for Terms for the sale of Plot 45 | December 2021 |
| Preparation of property sale contract for Plot 45 | January to March 2022 |
| Mayoral Decision authorising the disposal of Plot 45 | March 2022 |
| Completion of sale and site handover by GLAP of both plots – earliest date | 31 May 2022 |

**Appendices and supporting papers:**

Appendix 1 - Site Plan of EastPlus Plot 45, Ferry Lane, Rainham (not to scale).

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| **Public access to information** |
| Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) 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 it has been approved or on the defer date. |
| **Part 1 – Deferral**  **Is the publication of Part 1 of this approval to be deferred? YES** |
| The publication is to be deferred for two months from the date of the decision whilst the detailed terms and conditions of the transfer of EastPlus Plot 45 and the land off Hindmans Way, Dagenham are concluded; immediate publication risks compromising the implementation of the decision. |
| **Part 2 – Sensitive information**  Only the facts or advice that would be exempt from disclosure under the FoIA should be included in the separate Part 2 form, together with the legal rationale for non-publication.  **Is there a part 2 form – YES** |

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| **ORIGINATING OFFICER DECLARATION:** | Drafting officer to confirm the following (✓) |
| **Drafting officer:**  Christopher Brosterhas drafted this report in accordance with GLA procedures and confirms the following: | ✓ |
| **Sponsoring Director:**  Rickardo Hyatt has reviewed the request and is satisfied it is correct and consistent with the Mayor’s plans and priorities. | ✓ |
| **Mayoral Adviser:**  Tom Copley has been consulted about the proposal and agrees the recommendations. | ✓ |
| **Advice:**  The Finance and Legal teams have commented on this proposal. | ✓ |
| **Corporate Investment Board**  This decision was agreed by the Corporate Investment Board on 28 March 2022 | ✓ |

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| **EXECUTIVE DIRECTOR, RESOURCES:**  I confirm that financial and legal implications have been appropriately considered in the preparation of this report. | |
| **Signature** | **Date**  **7/4/22** |
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| **CHIEF OF STAFF:**  I am satisfied that this is an appropriate request to be submitted to the Mayor. | |
| Signature | Date **2/4/22** |