

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD3160

Silvertown Quays – Budget

Executive summary:

Silvertown Quays is a major development site in the Royal Docks Enterprise Zone owned by GLA Land and Property Limited. The Royal Docks Team has been working with The Silvertown Partnership to move the scheme to the construction phase and meet the contractual milestones of the Master Development Agreement (MDA). This Mayoral Decision seeks approval for project expenditure and income over the next four years in line with the payment provisions in the MDA.

Decision:

That the Mayor approves:

- up to £800,000 total expenditure from the GLA Land and Property budget on legal, commercial and cost consultancy fees related to Silvertown Quays in financial years 2023-24 to 2026-27
- up to £800,000 total income from The Silvertown Partnership into the GLA Land and Property budget over the same period for reimbursable consultancy fees.

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:

21/4/23

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

Decision required – supporting report

1. Introduction and background

- 1.1. Following a competitive procurement process, launched in 2011, GLA Land and Property Limited (GLAP) selected The Silvertown Partnership (TSP) as its development partner. It entered into the Master Development Agreement (MDA) with TSP in June 2013 to deliver a mixed-use redevelopment on the Silvertown Quays (SQ) site in the Royal Docks. TSP submitted an outline planning application in 2014, which was approved by the London Borough of Newham (LBN) and the previous Mayor of London in December 2015. The section 106 agreement was signed in August 2016. In 2018 GLAP approved a change of control of TSP, involving a corporate restructuring of the ownership interests in TSP and entry into the associated documents.
- 1.2. In December 2019 LBN approved the detailed planning consent for the first phase of development. This includes 943 homes; and the refurbishment of the heritage building, Millennium Mills, to create office and brand space.
- 1.3. In July 2021 the Mayor agreed to changes to the MDA to allow for an update to the planning consent for the site. This was to ensure it meets current Mayoral policy objectives, and objectives laid out in the recently adopted London Plan, to deliver a higher quantum of affordable homes. More detail of these changes and documents can be found in Mayoral Decision (MD) 2784, published in September 2021.
- 1.4. The bulk of historic approvals have been to consent to stages in the project, as follows:
 - MD977 (March 2012) – adoption of the London Development Agency's procurement process
 - MD1205 (May 2013) – signing of the MDA with TSP
 - MD1410 (November 2014) – investment of grant from the Department for Communities and Local Government (DCLG) into the site
 - MD1653 (May 2016) – signing of the section 106 agreement relating to the Outline Planning Permission (OPP)
 - MD2280 (May 2018) – approval of the change of control under the MDA
 - MD2523 (October 2019) – endorsement of objective to achieve 50 per cent affordable housing in new OPP and approval for budget for 2019-20 to 2021-22
 - MD2784 (July 2021) – approval to vary the MDA to include a minimum requirement of 50 per cent affordable housing; and extensions to project milestones due to the impact of COVID-19
 - MD2898 (November 2021) – approval to acquire a parcel of land from LBN and include it in the SQ site demise, which will be drawn down by TSP
 - MD2965 (March 2022) – approval to enter into an agreement with Homes England, as funder, in relation to security for the funding being provided.
- 1.5. MD2523 included approval for project budget until the end of 2022-23; and refers to provisions in the SQ MDA that allow GLAP to have reimbursed up to £150,000 per year on expenditure relating to the project, including professional fees. Further budget approval is required for 2022-23 and

future financial years, with most of these fees being reimbursable by TSP. The purpose of this MD is to seek approval for this expenditure.

2. Objectives and expected outcomes

- 2.1. The GLA's strategic objectives are broadly in line with those in the original procurement launched by London Development Agency, namely: to achieve the comprehensive redevelopment of this large brownfield site; to provide a new heart for the Royal Docks; and to deliver a mixed-use development. This MD does not alter these objectives.

Budgets

- 2.2. To progress the scheme, budget is required to cover legal, commercial and cost-consultant fees. Consultants will be procured in line with the GLA's Contracts and Funding Code.
- 2.3. Previous MDs have approved the following budgets:
- MD977 – a budget of £230,000 within the overall budget for 2012-13 to meet procurement-process costs
 - MD1410 – the receipt of £12m from DCLG's Building Foundations for Growth Enterprise Zones Capital Grant fund and its expenditure towards the enhancement of Millennium Mills
 - an Investment Performance Board Approval in May 2014 for TSP to reimburse approved costs incurred by the GLA of up to £150,000 for four years starting from June 2013 (therefore totalling £600,000)
 - MD2523 – the expenditure of £150,000 per annum from 2019-20 to 2021-22 and receipt of up to £150,000 per annum for the same financial years. This totals £600,000 over the course of four financial years.
- 2.4. The MDA includes a mechanism under which TSP will reimburse approved costs incurred by GLAP of up to £150,000 per annum in connection with the site and the performance of GLAP of its obligations under the MDA. This includes legal advice, commercial advice and input from an independent monitoring surveyor acting on behalf of GLAP. There may be additional costs, which will also be reimbursed, that fall outside of the £150,000 cap and have not been anticipated by the MDA. Therefore, further expenditure of £50,000 per annum is being requested in this MD. This creates a total of £200,000 per annum, and £800,000 over the next four years (from 2023-24 to 2026-27), of which around £750,000 will be reimbursed by TSP.
- 2.5. Minimal consultancy advice may be required that would not count as a reimbursable cost, as defined in the MDA. This is not expected to exceed £50,000 in total from 2023-24 to 2026-27.
- 2.6. MD2523 refers to the reimbursement provisions applying until 2022. Having liaised with TfL Legal (the shared legal service to the GLA), it has been clarified that these provisions continue to apply for the forthcoming years of development.
- 2.7. This MD seeks approval for: expenditure of £200,000 per annum from 2023-24 to 2026-27 on approved project costs; and reimbursement annually by TSP of up to £200,000 per annum.
- 2.8. GLAP will follow all internal accounting procedures related to the above income and expenditure.

3. Equality comments

- 3.1. Under section 149 of the Equality Act 2010 (the Equality Act), as a public authority, the GLA must have 'due regard' to the need to eliminate unlawful discrimination, harassment and victimisation; and to advance equality of opportunity, and foster good relations, between people who share a protected characteristic and those who do not. Protected characteristics under the Equality Act comprise age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation, and marriage or civil partnership status.
- 3.2. When considering the needs of the existing community, and those that will be affected by the proposed development (both currently and in the future development scheme), any development activity will look to minimise disadvantages to all protected characteristic groups within society. This decision is therefore expected to have positive impacts on persons with a protected characteristic under the Equality Act, as increasing the supply of housing in London will help to address problems such as overcrowding and homelessness. Evidence indicates these problems disproportionately affect specific groups, including Black, Asian and Minority Ethnic groups, and women.
- 3.3. The development of SQ will deliver strategic objectives from the Mayor's Equality, Diversity and Inclusion Strategy (section: making London a great place to live).
- 3.4. The masterplan is designed to provide a minimum of 50 per cent affordable homes on GLA land, in line with the London Plan. This will advance equality of opportunity for groups with a protected characteristic.
- 3.5. LBN is one of the most disadvantaged boroughs in London, and one of the most diverse in terms of faith and ethnicity. It is paramount to redevelop this key strategic site in the Royal Docks in a sustainable way; and to consider how the regeneration of the area will provide benefits for all local communities. The outline masterplan is being designed to respond to the diversity of the surrounding area and in the design of the landscape and homes, will follow all relevant building regulations to create an accessible development in the Royal Docks.
- 3.6. There is a high proportion of young people in LBN compared to other London boroughs. The play space, landscaping and educational facilities will create opportunities for communities to come together and foster good relations between diverse groups.
- 3.7. The proposals in this paper have no negative impact on those with protected characteristics. The GLA's assessment is that this initiative will not have an adverse effect on any groups with a protected characteristic, and will assist in fostering good relationships between groups.
- 3.8. All tender processes for consultants will conform with the Equality Act and will have no negative impact on those with protected characteristics.

4. Other considerations

- 4.1. This decision outlines an opportunity to comprehensively redevelop a significant brownfield site in East London and make the best use of GLAP land.
- 4.2. The masterplan for SQ will contribute towards implementing several Mayoral policies, such as those outlined in the London Plan; the Healthy Streets Approach; the Culture Strategy; the London Housing Strategy; and the Transport Strategy. It is aligned with the Mayor's Equalities Framework to consider the requirements of relevant equalities groups.

- 4.3. As the project sits on GLA-owned land, when the GLA considers the planning application, the Mayor will delegate authority to the Deputy Mayor for Planning, Regeneration and Skills, as is the protocol in these scenarios.
- 4.4. There are no conflicts of interest to note for any of those involved in the drafting or clearance of the decision.

5. Financial comments

- 5.1. This MD requests approval for expenditure of up to £800,000 from GLAP to cover legal, commercial and cost consultancy fees related to SQ from 2023-24 to 2026-27.
- 5.2. This expenditure will be funded by up to £800,000 income from TSP from 2023-24 to 2026-27.
- 5.3. There may be some expenditure that is not reimbursed by TSP. This will total no more than £50,000 from 2023-24 to 2026-27.
- 5.4. MD2523 gave approval for £0.6m to be expended between 2019 and 2022, which was recoverable in full from TSP. However, the assessed amount spent is £595,017.56, of which £545,139.52 is now in the process of being recovered.
- 5.5. When the £545,139.52 is recovered, GLAP will have to fund the £49,878.04 shortfall. The recovered £545,139.52 then becomes available for spending between 2023-24 and 2026-27. GLAP will forward-fund up to £250,000, with the intention to recover £200,000. The net cost to GLAP is £50,000.

6. Legal comments

- 6.1 Section 30 of the Greater London Authority Act 1999 (as amended) (GLA Act) gives the Mayor a general power to do anything that he considers will further one or more of the principal purposes of the GLA as set out in section 30(2), which are:
- promoting economic development and wealth creation in Greater London
 - promoting social development in Greater London
 - promoting the improvement of the environment in Greater London.
- 6.2 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 UK; and contribute towards the mitigation of or adaptation to climate change in the UK
 - consult with appropriate bodies.
- 6.3 Sections 1 to 3 of this report indicate that the decision requested of the Mayor falls within the GLA's statutory powers.

7. Planned delivery approach and next steps

7.1. The planned delivery approach and next steps for the project are outlined in the table below.

Activity	Timeline
Hybrid Masterplan Application determination	January 2024
Phase 1 completion	2028

Appendices and supporting papers:

None.

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 be published either 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? **NO**

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 – **NO**

ORIGINATING OFFICER DECLARATION:

Drafting officer to
confirm the
following (✓)

Drafting officer:

Bethan James has drafted this report in accordance with GLA procedures and confirms the following:

✓

Sponsoring Director:

Tim Steer 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 20 November 2023.

✓

INTERIM CHIEF FINANCE OFFICER:

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

Signature:



Date:

20/11/2023

CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor.

Signature:

D. J. Kelly

Date:

20/11/2023