

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD3269

Stephenson Street Revenue Expenditure

Executive summary:

Through MD1626 the Mayor appointed Berkeley Homes (South East London) Limited (BHSEL) as the preferred development partner for the GLA Land and Property Limited's (GLAP's) land at Stephenson Street in West Ham following a competitive procurement via the London Development Panel. The development agreement was signed in 2016; BHSEL secured planning consent in 2018 and started on site in 2020. Due to recent changes to fire safety regulations, a new reserved matters application for phase 2 and a new hybrid planning application for the masterplan will be submitted later this year.

This decision form seeks approval for an additional expenditure of £150,000 to cover GLAP's necessary legal and consultancy costs for the next three years in managing the development agreement. This will take the approved revenue expenditure to £1,070,700.

Decision:

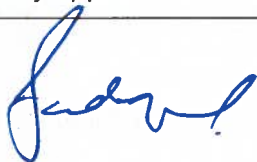
That the Mayor approves expenditure of £150,000 for legal and consultancy costs required in the ongoing management of the development agreement for the next three years, taking the approved revenue expenditure for this project to £1,070,700.

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:

4/6/24

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

Decision required – supporting report

1. Introduction and background

- 1.1. Stephenson Street is a 10-hectare vacant brownfield site directly west of West Ham station in the borough of Newham. GLA Land and Property Limited (GLAP) appointed Berkeley Homes (South East London) Limited (BHSEL) as its preferred development partner for the site following a competitive procurement process in 2016.
- 1.2. BHSEL has since secured hybrid planning consent for 3,838 new homes, comprising a mix of affordable, private sale and private rented units. The scheme will also deliver a new school, as well as a range of commercial, leisure, and community uses.
- 1.3. Significant new bridge infrastructure will also support the scheme, connecting it to West Ham station and the neighbouring community to the east. BHSEL commenced construction of phase 1 in 2020.
- 1.4. Following recent changes to fire safety regulations, a new reserved matters application for phase 2 and a new hybrid planning application for the masterplan are being progressed and will be submitted later this year.
- 1.5. The project has an approved revenue budget of £920,700 under the following approvals:
 - 2013, Assistant Director Decision (ADD) 75: £20,000 – site investigations
 - 2013, ADD113: £15,000 – valuation advice
 - 2014, ADD159: £5,700 – site investigations prior to procurement
 - 2014, Director Decision (DD) 1219: £80,000 – commercial and legal advice, and site investigation work in the procurement of a development partner for the site
 - 2016, Mayoral Decision (MD) 1645: £330,000 technical due diligence and legal expenditure
 - 2018, MD2276: £220,000 – legal expenditure in relation to planning, bridge and school agreements
 - 2021, MD2778: £250,000 – legal and consulting expenditure related to the ongoing management of the development agreement.

2. Objectives and expected outcomes

- 2.1. From a development management perspective, this is a highly complex project involving multiple stakeholders. It has required, and will continue to require, significant input from GLAP to discharge its obligations under the suite of legal agreements governing delivery of this project; and to undertake ongoing due diligence and risk management. To support this, GLAP will require additional legal and consultancy advice across the duration of the project in activities such as:
 - reviewing the terms for granting building leases for future phases
 - reviewing and entering ancillary project agreements such as section 104 agreements, leases, transfers, and wayleaves for statutory authorities
 - agreeing terms and granting licences to access future phases for enabling works
 - design review of the revised masterplan and future phases as plans emerge.

- 2.2. The decision seeks £150,000 of revenue expenditure from the Land and Property Budget to obtain this advice over the next three years (2024-25, 2025-26, and 2026-27). It is not possible to provide an exact profile for this expenditure but spend of £50,000 per annum is anticipated in managing the development agreement and undertaking the activities listed above. This estimate is based on the expenditure profile of the previous period and assumes that a similar level of expenditure will be required as the project progresses.
- 2.3. GLAP has a retained legal adviser on the project. Their fee costs are kept under review by TfL Legal and in line with current legal framework rates. Any consultancy advice will be procured competitively following the GLA's procurement and governance procedures, including the Contracts and Funding Code.

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; to advance quality of opportunity; and foster good relations between people who share a protected characteristic and those who do not. Protected characteristics under the Equality Act are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation, and marriage or civil partnership status.
- 3.2. The purpose of this project is to ensure that the amount of housing, particularly affordable housing, is maximised through the disposal of the site and the certainty of housing delivery is assured through the development agreement. It is also expected that part of the costs will support design reviews; therefore, ensuring design quality is inclusive, in line with the GLA's Good Growth principles.
- 3.3. This will help reduce disadvantages to all groups in society, including those with protected characteristics, by increasing affordable housing supply. This means more people will be able to access good-quality affordable homes. This decision is therefore not expected to have a negative impact on people with a protected characteristic under the Equality Act.

4. Other considerations

Key risks and issues

- 4.1. GLAP requires ongoing external legal and consultancy advice in the activities outlined in paragraph 2.1, above. Proceeding without external professional advice would leave GLAP in a less favourable position in negotiations with stakeholders, and potentially expose them to significant legal and/or commercial risks. This could also create a non-performance risk for GLAP under the Development Agreement, as several consents and legal processes are required of GLAP when the counterparty discharges its own obligations and legal conditions as per the agreement.

Links to Mayoral strategies and priorities

- 4.2. London Plan Policy H1 promotes increasing the general and affordable housing supplies in London. This project would regenerate a vacant commercial site and deliver a significant number of new homes, including a minimum of 40 per cent affordable housing, with any additional mechanisms required to meet London Plan policy to be established during the planning process.

Declarations of interests

- 4.3. There are no conflicts of interest to declare for those involved in the drafting or clearance of this form.

5. Financial comments

- 5.1. As highlighted in the document, there is no clear spend profile provided as it is difficult to ascertain at this point; however, average spend of £50,000 for the next three financial years can be assumed including 2024-25. Considering the need for GLAP to keep abreast of site activities, making this spend imperative.
- 5.2. The approved 2024-25 GLAP budget does however not include this unplanned spend as it is not currently budgeted in full, with only £70k provided for in the company’s plan in the coming years. If underspends are not forthcoming in other areas to offset this additional spend, this will result in reduction of surplus generated by the company.
- 5.3. As this spend is necessary to ensure performance obligations under the agreement, it is expected this will bring added value to GLAP over time.

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):
- 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 an equality of opportunity for all people
 - consider how the proposals will promote health improvements and the reduction of health inequalities among persons living in Greater London, contribute towards the achievement of sustainable development and the mitigation of or adaptation to climate change in the United Kingdom
 - consult with appropriate bodies.
- 6.3. Sections 1 to 3 of this report indicate that the Mayor has the power to proceed in making the decisions as requested within this report.

7. Planned delivery approach and next steps

- 7.1. The next project milestones are as follows:

Activity	Timeline
New hybrid planning application submitted	July 2024
Phase 2 start on site	December 2025
Phase 1 completion	2028-29
Phase 2 completion	2028-29

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:

Stephanie Goldberg 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.

✓

Mayoral Delivery Board

This decision was agreed by the Mayoral Delivery Board on 3 June 2024.

✓

INTERIM CHIEF FINANCE OFFICER:

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

Signature:**Date:**

03/06/2024

CHIEF OF STAFF:

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

Signature:**Date:**

03/06/2024

