

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION PART 1 – MD3280

### Grant of a new lease of the Nursery at CEME, Rainham

#### Executive summary:

The lease of business premises known as the Nursery at the Centre for Engineering and Manufacturing Excellence (CEME), Marsh Way, Rainham, RM13 8EU, has expired. A new lease is to be granted by GLA Land and Property Limited, the landlord, to the existing tenant, CEME, on commercial terms.

This Mayoral Decision seeks approval to grant a new lease of these premises to CEME, on terms set out in Part 2 of this decision form.

#### Decision:

That the Mayor approves the grant of a new 59-year lease of the Nursery at the Centre for Engineering and Manufacturing Excellence (CEME) by GLA Land and Property Limited, at a peppercorn rent to CEME, upon CEME paying a premium.

#### 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:

14/8/24

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

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1 GLA Land and Property Limited (GLAP) is a 100 per cent-owned subsidiary of the GLA. Its purpose is the purchase, sale and development of land or property; and the holding of land or property for capital growth or rental income. It has been set up to conduct the commercial transactions relating to the development of land on behalf of the GLA.
- 1.2 GLAP was established in 2012 to deal with the land assets inherited by the GLA as part of the Localism Act 2011. In total, 635 hectares of land was transferred to the GLA. The development schemes, including the GLA's joint venture interests, are expected to deliver up to 68,000 new homes (36 per cent affordable) and approximately 8 million sq ft of new commercial, retail and leisure space.
- 1.3 GLAP is a commercial business that aims to conduct its activities, and use any resulting profits, to support the GLA's ability to achieve its principal purposes as defined under the GLA Act 1999. GLAP therefore seeks to:
  - promote economic development and wealth creation in Greater London
  - promote social development in Greater London
  - promote the improvement of the environment in Greater London.
- 1.4 As part of seeking to provide that support, GLAP has evolved to deal with investment in land, and loans to third parties, with the wider objective of delivering homes (particularly genuinely affordable homes) and creating jobs.
- 1.5 GLAP's portfolio is mainly owned freehold, with some long-leasehold interests. The vast bulk of the value is held in development sites; but there are other assets held as investments, including the ExCeL Centre in the Royal Docks, and other premises let to commercial tenants and non-profit-making community interests.
- 1.6 The Centre for Engineering and Manufacturing Excellence (CEME) is one such non-profit making enterprise, to which the Nursery at CEME, Marsh Way, Rainham, was let in 2016. The Nursery is used as an innovative business centre, for business uses within Class E of the Town and Country Planning (Use Classes) Order 1987 (as amended) and for education and/or training purposes.
- 1.7 CEME currently operates in the London Borough of Barking and Dagenham; the London Borough of Havering; and the area covered by Thurrock Council. It is a self-sustaining enterprise overseen by independent trustees and does not raise funds from the public.
- 1.8 CEME's current lease has expired. Clause 7 of the expired lease allows CEME the option to either renew the lease for a further seven years at an open-market rent; or to renew the lease for a 59-year term, subject to the payment of a premium. Details of the premium to be paid are set out in Part 2 of this paper.
- 1.9 CEME has chosen a 59-year lease, subject to the payment of a premium.

#### **2. Objectives and expected outcomes**

- 2.1 CEME is still in occupation of the property. A new lease therefore needs to be completed as a result to legally document CEME's occupation. All terms for the new lease have been agreed, subject to contract, and a new lease has been prepared.

- 2.2 The respective solicitors, acting for GLAP and CEME, have confirmed that the lease is in an agreed form; and that it should be completed once there is a Mayoral Decision approving the disposal, and CEME has paid the agreed lease premium.
- 2.3 A new lease will enable CEME to carry on providing education, training, economic and community development, and employment to the general public. It will also result in GLAP receiving a capital receipt that can be used to support the GLA's ability to achieve its principal purposes.

### **3. Equality comments**

- 3.1 Under section 149 of the Equality Act 2010, the Mayor and the GLA are subject to the 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
  - foster good relations between people who share a relevant protected characteristic and those who do not.
- 3.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation and marriage/civil partnership status. The duty involves having appropriate regard to these matters as they apply in the circumstances, including having regard to the need to: remove or minimise any disadvantage suffered by those who share or are connected to a protected characteristic; take steps to meet the different needs of such people; and encourage them to participate in public life or in any other activity where their participation is disproportionately low. This can involve treating people with a protected characteristic more favourably than those without one.
- 3.3 Whilst the property is situated in the London Borough of Havering and provides support to its residents, it is also close to the London Borough of Barking and Dagenham (LBBD) which it also serves. According to Trust for London, LBBD is one of the most deprived boroughs in London, has the highest rates of child poverty in the city (42%), high levels of low pay and a higher percentage of residents out of work than anywhere else in London. Research by Trust for London has also revealed that in 2021, 12% of adults in LBBD had no recognised qualifications. This was worse than the average London borough. LBBD is a very diverse borough with 55.1% of its residents identifying as not being white. According to gov.uk, 3% of white people were unemployed in 2022, compared to 6% of people from all other ethnic groups combined. The new lease will ensure CEME continues supporting small and medium-sized enterprises to access finance for growth, enabling the creation of more jobs for the ethnically diverse area.
- 3.4 The new lease will also ensure CEME can carry on its operations of providing education, training and re-training opportunities and work experience that will help the number of unemployed adults in the local area gain recognised qualifications which could lead to employment. It will also ensure CEME can carry on with its objective of championing inclusive business growth by working with Further Education colleges' employer groups and other training entities to create a skills development strategy to inform further needs like the Thames Freeport. The lease will also ensure CEME carries on with its Gateway to Skills programme which gives local secondary school students aged between 12 and 15 years old access to first class training and equipment to develop their STEM skills. This programme is sponsored by SEGRO, GLAP's development partner. 26% of LBBD's population are children aged between 0 to 15. This is the highest proportion of children of all local authorities in England and Wales.
- 3.5 This decision is therefore expected to have positive impacts on persons with a protected characteristic under the Equality Act as CEME carrying on its operations of providing education, training and re-

training opportunities and work experience under the new lease will help address problems such as unemployment and lack of qualifications in the ethnically diverse boroughs of Barking and Dagenham, and Havering.

#### **4. Other considerations**

##### *Risks and issues*

- 4.1 Not granting CEME a new lease would be a breach of contract (their previous lease terms); and could lead to CEME taking legal action against GLAP. It could also incur reputational damage to the GLA. Should the new lease not be completed in a timely manner, and CEME remains in occupation of the property without a lease, CEME will obtain certain legal rights it is not otherwise entitled to.

##### *Links to Mayoral strategies and priorities*

- 4.2 Granting a new 59-year lease will allow reinvestment of the premium paid to support the Mayor's objectives relating to the delivery of homes across London. This includes the London Housing Strategy and associated projects.

##### *Conflicts of interest*

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

#### **5. Financial comments**

- 5.1 Grant the proposed lease would generate a lump sum for GLAP, which has not been included in the company's current business plan.
- 5.2 The premium option agreed at the lease's inception is now being triggered by the tenant. This extends the lease for 59 years at a peppercorn rent, meaning that GLAP will not receive substantive rental income for that period.

#### **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). These 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 The contents of this note indicate that the decision requested of the Mayor is within the GLA's statutory powers.

#### **7. Planned delivery approach and next steps**

- 7.1 Proposed timetable for completing the new lease

Activity	Timeline
Completion of new lease of the Nursery	July 2024

**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? YES**

## ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

### Drafting officer:

Rosemary Arthur 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 1 July 2024.

✓

## INTERIM CHIEF FINANCE OFFICER:

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

### Signature:



### Date:

08/09/2024

Anna Casbolt on behalf Enver Enver

## CHIEF OF STAFF:

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

### Signature:



### Date:

08/09/2024