

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD3337

London City Island Covenant

Executive summary:

GLA Land and Property Limited (GLAP) has the benefit of a restrictive covenant on "Building N" at City Island, in the London Borough of Tower Hamlets, which has been redeveloped by EcoWorld Ballymore (Ballymore). The covenant restricts the use of Building N to specified uses. Any breach of the covenant within 21 years of 25 February 2008 would trigger a clawback payment of £7m, plus VAT, to GLAP. Other parties also have the benefit of a covenant.

In 2017, under MD2101 (attached as Appendix One), GLAP approved the suspension of the covenant to enable the relocation of the London Film School to City Island. For various reasons, that relocation did not occur. However, Ballymore has now agreed terms with the Royal Academy of Music (RAM) to use the space for an educational and performance facility. Ballymore is asking GLAP to waive the covenant.

The use of the building as an educational and performance space is not one of the specified uses allowed by the restrictive covenant. Ballymore is not looking for a full release/removal of the covenant; rather, it is seeking GLAP's consent to grant a lease to RAM without triggering the clawback payment. This consent and waiver will be specific to RAM.

Decision:

That the Mayor approves GLA Land and Property Limited (GLAP):

- entering into a Deed of Consent with EcoWorld Ballymore, allowing the grant of a lease to the Royal Academy of Music for "Building N" at City Island; and use of the property as an educational and performance space
- waiving any breach of restrictive covenant and clawback payment due to GLAP as a result of the use listed above.

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:

26/2/25

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

Decision required – supporting report

1. Introduction and background

- 1.1. On 31 March 1998 the land which is now known as London City Island was transferred from London Docklands Development Corporation (LDDC) to Wallworths Limited for consideration of £65,000 plus VAT. The transfer imposed a restrictive covenant on the property, for the benefit of land retained by LDDC. The covenant stated that the property could not be used for any purpose other than a combined heat and power plant.
- 1.2. On 25 February 2008 the Commission for the New Towns (the Commission) entered into a Deed of Release of Covenant with Clearstorm Limited. In consideration of a payment of £330,000, plus VAT, the deed varied the permitted use of the land, to the following uses:
 - a combined heat and power plant
 - a community centre/sports hall
 - a marketing suite
 - an electricity substation.
- 1.3. The deed provided that, if Clearstorm uses the land for any other use within 21 years of 25 February 2008, it must pay the Commission £7m plus VAT for the full release of the covenant.
- 1.4. GLA Land and Property Limited (GLAP) is a successor in title to part of the land previously owned by the Commission. Together with other parties (LB Tower Hamlets, LB Newham, and Transport for London), it has the benefit of a restrictive covenant on the land at City Island. EcoWorld Ballymore (Ballymore) is the successor to Wallworths and Clearstorm.
- 1.5. Since the covenant was imposed, Ballymore has built out the whole of City Island. This area has established itself as a significant residential community on the border of Tower Hamlets and Newham. The covenant now relates to one part of the development (Building N). There was a previous proposal (approved under MD2101, attached as Appendix One) for the building to be used by the London Film School. For various reasons this is not proceeding. Ballymore has now presented proposals for use of the building by the Royal Academy of Music (RAM), for an educational and performance facility.
- 1.6. RAM's proposal is to open an educational space that will support its outreach programme and provide space for performances. This will build on the existing success of the English National Ballet's educational and performance space, which is already at City Island. The two facilities would represent a significant cultural hub for east London. This will help to support the Mayor's objectives for the Thames Estuary Production Corridor and the Good Growth agenda.
- 1.7. Ballymore is not seeking a full release of the covenant. It has asked GLAP to sign a Deed of Consent, enabling Ballymore to sign a lease with RAM without triggering the overage payment. It should be noted that GLAP can only issue a consent that relates to the part of the property with the benefit of the restrictive covenant retained by GLAP. Other parties with the benefit of the restrictive covenant will also need to give their consent. The terms of the proposed lease between Ballymore and RAM are for 100 years at no rent, but with a service charge contribution.

2. Objectives and expected outcomes

- 2.1. The intention of the covenant was to restrict the use of part of the City Island site to a series of specified uses, unless a payment was made. This was to ensure there were some non-commercial uses on the development that either provided energy infrastructure or served some community purpose.

- 2.2. The proposal from RAM is not one of those specific uses, but it will achieve the original objective by providing a new educational and performance space. This will not only provide a space for local residents and Londoners to access and experience RAM's output, but also support wider cultural infrastructure in east London. This, in turn, will support London's creative economy, and contribute to wider policy objectives (such as the Thames Estuary Production Corridor).

3. Equality comments

- 3.1. Under section 149 of the Equality Act 2010, as a public authority, the GLA must have due regard to the need for 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. This decision will unlock the use of the building for which there have been few deliverable proposals. The proposed educational and performance space will provide increased access to art and culture for the residents of Newham and Tower Hamlets (as well as other Londoners). Newham and Tower Hamlets have some of the most deprived communities in London, and the RAM facility will provide them with local art and cultural facilities.
- 3.3. The RAM facility is located on City Island, a short distance from Canning Town station. There is step-free access along the route and within the station, giving access to the Jubilee Line, the Docklands Light Railway and local bus services. This means the facility will be accessible to many Londoners.

4. Other considerations

- 4.1. This decision relates to a historic covenant on a legacy site. However, the covenant's impact has been to provide a space for digital arts on what may otherwise have been standard commercial or retail space. It is an example of how GLAP can use its property rights to secure policy outcomes. Securing the arrangements for the RAM facility will provide long-term space for the arts sector. The mechanism requiring Ballymore to pay £7m if a use breaches the covenant expires at the end of the decade; but the RAM lease is for 100 years.
- 4.2. There are no conflicts of interest to note for any of those involved in the drafting or clearance of the decision.

Key risks

- 4.3. The main risk is that Ballymore and RAM cannot finalise the deal. This building has been subject to several previous proposals; but these projects are financially and operationally challenging. It is positive that Ballymore has worked so hard to deliver additional cultural infrastructure at City Island.

5. Financial comments

- 5.1. Request for the waiver of the restrictive covenant became necessary as, the breach would have triggered £7m clawback payment to which GLAP would have been entitled to some share, this will now not be the case.
- 5.2. The consent and waiver request allowing Building N to be used as an educational and performance space although for a longer term of 100 years, is along the same lines as a similar previous proposal, which is not one of the permitted uses. This waiver allows RAM to use the building without triggering the clawback clause.

5.3. As Building N will be used for educational purpose upon the grant of the waiver of the covenant, without the £7m clawback clause being triggered, no income is due to GLAP as a result. Without this agreement, it is likely no development would come forward on the site until the expiry of the covenant, meaning that GLAP would receive no income from this site in any event.

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. 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 1-3 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 work will be delivered according to the following timetable:

Activity	Timeline
Sign Deed of Consent with Ballymore	March 2025
RAM Centre opens	2026

Appendices and supporting papers:

Appendix 1 - [MD2101 City Island London Film School relocation.](#)

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 be published either 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? NO

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? NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to
confirm the
following (✓)

Drafting officer:

Paul Creed 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 Corporate Investment Board on 24 February 2025.

✓

CHIEF FINANCE OFFICER:

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

Signature:

Fay Hannard

Date:

24/02/2025

CHIEF OF STAFF:

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

Signature:

D. Bellamy

Date:

24/02/2025

