GREATER**LONDON**AUTHORITY

REQUEST FOR MAYORAL DECISION – MD3251

Blackhorse Yard – Meanwhile Use

Executive summary:

Approval for a revenue allocation of £150,000 is sought from GLA Land and Property Limited's (GLAP's) estate management budget to fund meanwhile uses at Blackhorse Yard, a GLAP-owned site in Waltham Forest. The meanwhile uses are anticipated to include a combination of storage, affordable workspace, and community gardens to activate the site and provide local socioeconomic benefits ahead of its redevelopment in late 2027. Surplus profits generated from these leases will be reinvested in social value initiatives at Blackhorse Yard or other GLAP-owned sites.

Decision:

The Mayor is asked to approve:

- expenditure of up to £150,000 revenue funding to support meanwhile uses at Blackhorse Yard redevelopment site
- entering:
    - an agreement for lease, and a lease to facilitate storage at Blackhorse Yard for 36 months, with an option to extend on a rolling yearly basis, up to a maximum of 10 years
    - an agreement for lease, lease(s) and any other legal documentation required to facilitate the provision of affordable workspace and community gardens at Blackhorse Yard for 24 months, with an option to extend on a rolling yearly basis, up to a maximum of 10 years
- the ringfencing and recycling of surplus profits from storage use to support social value initiatives at Blackhorse Yard, or at other meanwhile projects within GLA Land and Property Ltd's portfolio
- delegation to the Executive Director of Housing and Land to provide final approval for completion of the legal agreements and overarching arrangements of the decision principles outlined above (without the need for further decision forms).

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:** 7/3/24

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) acquired the Blackhorse Yard site, in the London Borough of Waltham Forest (LBWF), in 2016 and secured a development partner for the site in 2017, receiving planning permission in March 2021 for a residential-led scheme to deliver 359 affordable homes.

1.2. The consented scheme is no longer viable under the terms of the Development Agreement (DA), due to challenging macroeconomic conditions and regulatory changes. This DA was ended between the parties in February 2023 and the planning permission will lapse in March 2024. In June 2023, GLAP commenced feasibility work, looking at optimising development potential to improve viability of the site. This will inform a new procurement exercise, due to launch later this year. The comprehensive redevelopment is forecast to start on site in late 2027. In the meantime, the site requires shorter-term activation for place-making and financial reasons. The financial impact of this vacant site is detailed in Part 2 of this decision.

1.3. Activation and cost savings are key drivers for GLAP's strategy for meanwhile use. Another is social value particularly as Blackhorse Yard is located within a Creative Enterprise Zone (CEZ), and therefore presents an opportunity to deliver impactful outcomes for local people and businesses. Broadly, these emerging meanwhile objectives are supported by LBWF's Local Plan and Affordable Workspace Study, both of which also identify a need for affordable workspace. This need will be further intensified by planned local business displacements resulting from the recent planning permission for the redevelopment of the adjacent Uplands Business Park.

1.4. Through ADD2672, £40,000 revenue expenditure was approved in October 2023 to test meanwhile use across GLAP's portfolio. This unlocked a process of meanwhile optioneering at Blackhorse Yard to establish site constraints, and market demand and requirements; and to engage local stakeholders prior to reviewing financial viability.

1.5. These options have been further scrutinised through direct engagement with landscape architects and local businessowners, and within the Mayoral family. These conversations have highlighted several local operators with a strong interest in delivering meanwhile use on the site, whilst clarifying that businesses prioritising social value require funding for start-up and servicing costs. Broadly, these interested parties consist of:

- commercial storage operators
- social enterprises providing affordable workspace
- community gardens/growing operators.

1.6. The recommendations set out in this document are informed by the findings from this market engagement.

2. Objectives and expected outcomes

2.1. Prior to the long-term redevelopment of Blackhorse Yard, estate, maintenance, and security costs are being incurred at the site. These costs are broken down in Part 2 of this decision document.

2.2. Since October 2023, efforts to reduce these costs, activate the area, and deliver social value for local people and businesses have been explored with meanwhile consultants REDO and PRD. This workstream has tested a broad range of meanwhile options, through targeted research and engagement with local stakeholders. It has also considered two major constraints with providing meanwhile uses on the site.

2.3. Firstly, our consultants highlighted that uses delivering higher levels of social value generally require a degree of enabling works and associated costs. There is no capital budget allocated to develop such initiatives; therefore, expenditure must be sought from within existing budget lines for Blackhorse Yard, such as the estate management budget. Secondly, underground site conditions (including contaminated soil, buried tanks and a culverted brook) mean that deep excavation works would be financially prohibitive for such proposals, and could carry health and safety risks.

2.4. Given these constraints, the proposal focuses on uses requiring only surface-level enabling works for the main site area. Only a small rectangle (465m$_2$) to the northeast corner of hardstanding is suitable for occupation without major initial works.

2.5. The site also contains bulrushes growing to the southeast, in an undevelopable branch of land. This offers an opportunity to evolve this area into long-term public green space, subject to appropriate management of potential environmental contamination. Health and safety management is detailed at paragraph 2.14 below.

<u>Recommended option</u>

2.6. The preferred approach seeks to deliver cost savings from inception and reinvest surplus profits into meanwhile uses that support activation and deliver social benefits through local businesses and community organisations. These outputs will be directly monitored via key performance indicators (KPIs) captured in lease terms.

2.7. These objectives are expected to be achieved through a combination of storage, affordable workspace, and community gardens, creating a sustainable meanwhile ecosystem until comprehensive development is secured. This will be delivered through a phased programme to keep capital expenditure to a minimum. The provision of a shortcut (red route) will also be explored, potentially shortening journey times to Blackhorse Road tube station for Sutherland Road residents. A breakdown of the target uses is shown in the image below.

2.8. In Autumn 2024, the first meanwhile phase will aim to reduce estate costs through onboarding a storage operator for the main site area. Once contracted, this operator will undertake its own enabling works, fencing and clearing the plots; and will commission site security. This will reduce GLAP's ongoing estate management risks whilst generating a rental stream.

2.9. Profits from the storage function will then help subsidise the setup and ongoing costs of the affordable workspace and the red route, before supporting community gardens in the southeast corner. The final quantum and type of community-focused uses will be subject to the level of revenue generated by the storage use and available for reinvestment, as well as social value operators' requirements and constraints.

2.10. It is anticipated that the red route works will be commissioned under the existing estate management contract. Eventually, the route's security, lighting and access could be amalgamated into the community garden services. Therefore, these costs are included in the ongoing management fee allowance for community gardens as detailed in the cashflow shown in Part 2.

2.11. Discussions with TfL Estates, TfL Legal and our consultants have helped ascertain the early steps to delivery for each element. These are summarised in Part 2, alongside key metrics and deliverables. The financial modelling is detailed in Part 2.

<u>Minimising GLAP ongoing responsibilities</u>

2.12. The recommended option aims to minimise GLAP's ongoing estate management costs and responsibilities for Blackhorse Yard whilst a developer partner is secured. This is detailed below.

<u>Management</u>

2.13. Currently, GLAP commissions estate services to manage the security, maintenance and safety of the Blackhorse Yard site. These services are material due to the size of the site. As is common practice in commercial leases, these costs and responsibilities will be taken on by prospective tenants as leases are signed, which will be on a full repairing and insuring basis but outside of the 1954 Landlord and Tenant Act. The current arrangement will remain in place until site areas are handed over. This is accounted for in the financial modelling in Part 2.

<u>Health and safety</u>

2.14. As noted above, the site is contaminated and a culvert runs through the site, which has been partly de-culverted in places. Detailed site surveys identifying these health and safety risks will be shared and discussed with all potential occupiers; and suitable mitigations will be agreed and monitored. This process will include health and safety assessments with operators, to be signed off by a health and safety professional. Bespoke lease terms will also contain health and safety clauses, setting out requirements to operators.

<u>Business rates</u>

2.15. It is likely that activating the site will mean business rates are payable for the commercial elements. These will be incorporated into operator's costs. Opportunities for business rate relief via small-business or charitable relief will be explored with the affordable operators. However, any payable rates will be the operator's responsibility.

3. Equality comments

3.1. 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
- foster good relations between people who share a relevant protected characteristic and those who do not.

3.2. 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. Throughout the progression of this project, due regard has been had to the 'three needs' listed above.

3.3. The design team, which supported PRD and REDO in developing the meanwhile use approach for Blackhorse Yard, was selected and appointed in accordance with the GLA Group Responsible Procurement[1] principles. The team offered two work placements for local students from Waltham Forest College. The meanwhile use strategy was specifically developed in collaboration with a local emerging artist from a minority ethnic background, appointed as part of the design team.

3.4. The proposals will seek to address the following key challenges and needs identified in the local area:

3.5. In 2022, 13.2 per cent of those aged 18-24 in London were not in employment, education, or training[2]. The affordable workspace could offer a training and enterprise programme for local young people, supporting them to realise their ambition.

3.6. New business births fell by 17 per cent between 2019 and 2022 in LBWF[3]. The affordable workspace would provide for local creatives, giving them the opportunity to develop and expand business ideas.

3.7. In 2021, LBWF had the second-lowest level of job density[4] (i.e. jobs undertaken by local people and those that commute into the borough). The proposals will have the following effects in this regard:

- the delivery of a shortcut route to Blackhorse Lane tube station would increase connectivity in the local area and reduce barriers to local employment
- the implementation of a new storage operator on the site would contribute to supporting the local economic network and jobs.

Contribution to equality, diversity and inclusion (EDI)

3.8. Introducing meanwhile uses on GLAP land offers significant opportunities to contribute towards EDI objectives throughout site development, during the leasing period, and in final occupation. The table below shows EDI opportunities and how these are being explored through the recommended option.

Project stage	EDI opportunities	Update
Inception	• Local stakeholders are engaged through soft-market testing. • Open competition for meanwhile uses.	• Several local businesses have been engaged during soft market testing. • The social aspects are being procured competitively. • A local artist from a minority ethnic background is part of the design team and has informed the development of the meanwhile approach.
Viability and financial impact	The recommended option seeks to balance commercial and social outcome by introducing commercial facing propositions to cross-	The recommended option seeks to balance

[1] GLA, GLA Group responsible procurement policy, March 2021
[2] London Datastore/DfE, Young People Not in Employment, Education or Training, Borough
[3] London Datastore/ONS, Business Demographics and Survival Rates, Borough
[4] GLA/ONS, Jobs and Job Density, Borough

	subsidise charitable/community-based ventures/start-ups	commercial and social outcomes.
Procurement	• Considering EDI in design options. • Incorporating EDI section into scoring metrics when selecting meanwhile use operators. • Adhering to the GLA Group Responsible Procurement Policy.	These will be incorporated as ideas develop and leases are drafted.
Contracting/ operating period	• Including employment and skills targets in commercial leases. • Providing space for local small and medium-sized enterprises (SMEs) and communities. • Improving the local environment and connectivity, attracting people to the area; providing benefits to communities and businesses beyond the meanwhile use users.	
Final development	Designing in space for meanwhile businesses in the final development, leading to their retention.	

4. Other considerations

Options appraisal

4.1. The options are detailed in the table below.

Ref	Title	Description	Pros (+)/ Cons (-)
0	Recommended option	Phased uses implementation to deliver a self-sufficient meanwhile ecosystem	+ Cost savings on security + Low abortive risk with commercial occupiers taking on enabling works. + Good balance of GLA involvement in process vs controls. + Likely to deliver activation of the site and social value.
1	Do nothing	Keep site in its current state until end developer is procured.	+ No tenancy risk. - No activation on the site - High ongoing liabilities
2	Commercial only	Deliver the storage only, without funding any social value initiatives	+ Improved profits - Poor balance of social value against commercial outputs
3	Alternative uses	Temporary car park for neighbouring business. Social initiatives on the main site area (circus)	- Opposes Mayor's focus on sustainable modes of transport. - Poor balance of social value as against commercial outcomes - Upfront capital outlay required
4	Await developer	Wait until a developer has been procured for the DA and allow the	+ Less tenancy and delivery risk for GLA - No activation on the site at least until procurement completed (18 months).

		developer to lead on meanwhile uses.	- Developer's focus on the main site development leaving very limited scope for meanwhile uses. - The procurement is susceptible to possible delays, therefore, meanwhile use of the site could be further delayed.
5	More interventionist	GLAP to invest in enabling works and bypass an operator.	+ More control from GLA and possible cost savings to operators + Could be a better opportunity for SMEs if GLAP performs enabling works. + Works such as remediation or levelling the site could support longer-term development of the site. - More risk to GLA if investing in enabling works sees no returns. - Higher capital expenditure. - Potential further delays to securing tenants due to the nature of a public procurement requirement.
6	Social initiatives only through third party funding	Support social initiatives to bid for third party funding to support their setup/ongoing costs	+ Further cost savings for GLA, potentially more value creation via other meanwhile sites. - Higher resourcing required from the GLA to support operators in the grant requests. - Timeframe could delay the longer-term redevelopment of the site.

Risks and issues

4.2. The key risks and issues are outlined in the table below.

Ref.	Risk	Impact	Likelihood	Mitigation
1	Adverse transport/environmental impact of storage uses	High	Low	Transport modelling will be undertaken as part of initial planning application; in principle support received from LBWF. Traffic issues will be considered during agent discussions with suitable operators. Selective/restrict uses to electric vans/low carbon construction materials etc. Exclude the storage of construction aggregates. A strong market indicates a range of suitable operators will be available.
2	Tenant wishes to retain rights to stay and the meanwhile nature of site is misunderstood	Medium	Low	Officers will seek input from TfL Legal to ensure contracts are drafted with necessary clauses. Officers will ensure local communities are briefed on the main development for the site and kept up to date with programme. Input will be sought locally for messaging. Operators will be asked to ensure activity remains overtly temporary.
3	The tenants are unable to provide a return	High	Low	Officers will carefully procure meanwhile tenants who are already connected to a

	or the desired social value outputs due to timing/funding issues.			local community and operational in the area. KPIs will be included in the contract.
4	Security is not managed correctly by the tenants	High	Low	TfL Estates will maintain regular contact and inspections of the site to check security provisions are up to date. TfL Estates will retain some security presence for the site areas not leased to a meanwhile use tenant.
5	The main development stalls, and the site is empty again, needing reprocurement of meanwhile uses.	Medium	Low	Officers are working alongside the project manager for the comprehensive development and can coordinate with tenants to ensure that they have the option to extend leases.

<u>Links to Mayoral strategies and priorities</u>

4.3. The proposals support the following strategies and priorities.

- Encouraging London's diverse communities to come together: the potential for affordable workspace supports the Mayoral CEZ initiative. This involves certain areas of London being designated to have potential for a concentration of creative enterprises, and receiving support in the form of affordable workspace, skills initiatives, and employment support. Supporting local businesses to expand and the possibility for jobs created tie into the Mayoral strategy for Good Growth principles.

- Tackling air pollution; and education and youth: the potential for community gardens supports wellbeing, education, and air quality, helping local young families. The enterprise and training programme gives young people the skills and confidence to find future employment.

- Active travel and making transport more affordable: the proposed red route would add to activation and placemaking for the area. The pedestrian route will encourage active travel and support local connectivity, reducing the need for costly modes of transport.

- Fighting for London's economy: the proposed use of storage presents best value offer for the site. This supports economic development for the local businesses and more widely. The ability to store materials/machinery/fleet vehicles is key to the broader supply chains of businesses in London.

<u>Exit strategy</u>

4.4. An essential part of meanwhile use is that operations can be quickly and easily terminated for construction of the final development. This should not create problems with the storage operations, which will be contracted outside of the 1954 Landlord and Tenant Act and include a three-month break clause following the original term.

4.5. For the social operations, the management approach will be intentionally fluid to create opportunities for these aspects to evolve into the final development, insofar as possible. Business retention will also be explored in preliminary discussions with the developer partner.

Conflicts of interest

4.6. There are no conflicts of interests to declare from anyone involved in the drafting or clearance of this decision form.

5. Finance comments

5.1. Meanwhile use is a good option, as the site can be put to other uses in the meantime. This approach reduces associated estate services costs paid for by GLAP, with the majority of the cost passing on to occupiers.

5.2. The cashflow forecast (appended to the Part 2 form) shows the site to be loss making for the first two years (2024-25 and 2025-26), largely down to the investments, following which, it is expected to start making profit from 2026-27 onwards.

5.3. The impact of this meanwhile use on estate costs and the additional income to GLAP will be included in future iterations of GLAP's business plan. Based on the meanwhile forecast information, this is deemed good value for GLAP.

6. Legal comments

6.1. TfL Legal will continue to work with GLA officers as the proposals outlined in this paper progress, ensuring the GLA Contract Funding Code is complied with when the proposed meanwhile uses for the Blackhorse Yard Site are established; and legal risks are highlighted and minimised in resulting legal documentation.

6.2. Section 30 of the Greater London Authority Act 1999 (as amended) 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.

6.3. 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 the improvement of the 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 and consult with appropriate bodies.

6.4. Sections 1 to 3 of Part 1 of this report indicate that the Mayor has the power to proceed to make the decisions as requested within this report.

7. Planned delivery approach and next steps

7.1. The project will be delivered according to the following timetable:

Activity	Timeline
Launch mini-competition for storage use	April 2024
Contract negotiations for the storage use	May 2024
Planning for storage and red route	June-August 2024
Execute storage lease	August 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 (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? YES

If YES, for what reason: Publication to be deferred for reasons for commercial sensitivity while arrangements are negotiated.

Until what date: 4 September 2025.

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? YES

ORIGINATING OFFICER DECLARATION:	Drafting officer to confirm the following (✓)
Drafting officer:	
Guy Hefferin has drafted this decision form 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 4 March 2024.	✓

INTERIM CHIEF FINANCE OFFICER:

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

Signature:

Date: 06/03/2024

CHIEF OF STAFF:

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

Signature:

Date: 06/03/2024