

REQUEST FOR DIRECTOR DECISION – DD2502

Title: Royal Docks Electricity Reinforcement – Professional Fees

Executive Summary:

Approval is requested to drawdown £850,000 from the £25.218 million budget approved by Mayoral Decision (MD) 2655.

MD2655 approved investment to reinforce the electricity supply to the Royal Docks Enterprise Zone through the delivery of a new primary sub-station in collaboration with UK Power Networks (UKPN). All key development sites in the Royal Docks require significant electricity supplies to enable their development, with the wider Royal Docks & Beckton Opportunity Area Planning Framework (OAPF) set to support the delivery of 25,000 homes and 60,000 jobs. However, the current power network is unable to accommodate this growth.

Expenditure of £850,000 will fund a design team to undertake detailed design and secure planning consent for the new sub-station, as well as associated site investigations and ongoing legal negotiations with UKPN. The terms of the agreement between the GLA and UKPN are subject to ongoing negotiations including the development of an appropriate land disposal model and commercial agreements.

Decision:

That the Executive Director of Housing & Land approves:

Expenditure of up to £850,000 to fund a design team and planning application, associated site investigations and legal costs.

AUTHORISING DIRECTOR

I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.

It has my approval.

Name: Rickardo Hyatt

Position: Interim Deputy Executive
Director of Housing and Land

Signature:



Date:

9 November 2020

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1. The Royal Docks is one of London's most distinctive economic locations and largest regeneration projects, with the potential to deliver 60,000 jobs and 25,000 homes over the next 20 years. All the key development sites across the Royal Docks will require significant electricity supplies to enable their development. To secure these supplies the developers are reliant on the local distribution network.
- 1.2. The GLA commissioned Aecom in 2018 to produce a capacity review of this network. It concluded that there was insufficient capacity to accommodate future development demand across the Royal Docks. Therefore, significant power reinforcement work was necessary to unlock future growth. Aecom's capacity review proposed that this could be delivered in part by a new primary sub-station and high voltage connection at Gallions Reach. In December 2019, AECOM (on behalf of the Royal Docks Team) submitted a formal request to UK Power Networks (UKPN) for 88MVA of capacity, representing the Royal Docks medium-term development needs.
- 1.3. Mayoral Decision (MD) 2338¹ approved expenditure of up to £212.5 million for the five-year Royal Docks Enterprise Zone Delivery Plan to deliver an integrated and catalytic package of projects under the strategic objectives of Place, Connectivity, Economy, Activation and Promotion. The LEAP Board endorsed the Royal Docks EZ Delivery Plan in June 2018. A budget of £97.5 million within the Delivery Plan is allocated to Connectivity projects, which included an allocation for this project.
- 1.4. MD 2655² approved expenditure of up to £25.218 million investment to fund the GLA's contribution to these electricity reinforcement works in collaboration with UKPN. The expenditure will be funded from the Connectivity Theme of the Delivery Plan as set out in MD2338. This investment will provide a major piece of electrical infrastructure in the Royal Docks, delivering a new primary sub-station to reinforce electrical capacity and meet growing demand.
- 1.5. UKPN will be responsible for upgrading the existing distribution network to accommodate demand, provide a new high voltage cable route to the Royal Docks, as well installing the necessary infrastructure inside the new primary sub-station (as set out in their connection offer dated 1st April 2020³). They will be responsible for all associated infrastructural improvements to connect the substation to the local distribution network.
- 1.6. The GLA will be responsible for achieving a successful planning consent for the primary sub-station building, construction of its structure, including associated site enabling packages, highways improvements and landscaping works.
- 1.7. The terms of the agreement between the GLA and UKPN are subject to ongoing negotiations including the development of an appropriate land disposal model and commercial agreements. Negotiations are underway with UKPN and our legal/technical advisors to develop the most advantageous arrangements open to the GLA. This is in addition to preliminary site surveys, constraints mapping, and feasibility surveys conducted by Aecom and Architectural consultants.
- 1.8. MD2655 delegated authority to the Executive Director for Housing and Land the authority to make all decisions in relation to further GLA investment in this project.
- 1.9. This Director's Decision (DD) therefore seeks approval to draw down £850,000 from the £25.218 million budget approved by Mayoral Decision MD2655 to cover the above activities. Expenditure will be used as follows (all figures indicative):

¹ <https://www.london.gov.uk/decisions/md2338-royal-docks-enterprise-zone-delivery-plan>

² <https://www.london.gov.uk/decisions/md2655-royal-docks-electricity-reinforcement>

³ https://www.london.gov.uk/sites/default/files/md2655_appendix_1.pdf

Activity	Funding Required	Description
Design Team Fees	£650,000	The procurement of an experienced design team to deliver a successful planning application. A single multi-disciplined supplier will be competitively procured under an appropriate TFL framework. The design team will deliver the required architectural, mechanical & engineering, structural engineering, transport & highways, site investigation specialisms required. Additional design team requirements will be procured as and when required in line with TFL procurement regulations. It is anticipated that a planning consultant may need to be procured separately to the single multi-disciplined supplier if they are unable to provide these services.
Site Investigations	£100,000	Intrusive site investigations are required to provide site due diligence and technical detail for design. Site investigations will be included in the scope for the Design Team and form part of this competitive procurement exercise. An indicative fee of £100,000 is included. It should be noted that additional surveys (ecology, flood risk, highways, UXO etc) are currently being conducted by Aecom who are providing project management and technical consultancy to the project. These surveys are included within Aecom's current contract and Delegated Procurement Authority (DPA).
Legal Fees	£100,000	Working with the projects legal team and external advisors to continue negotiations with UKPN on the terms of their agreement. A legal team is already appointed under TFLs legal framework.
TOTAL	£850,000	

1.10. All further decisions in relation to GLA investment in this project, as well as the terms of legal negotiations with UKPN to develop an appropriate land disposal model and commercial agreements, will be approved by the Executive Director for Housing and Land as delegated under MD2655.

2. Objectives and expected outcomes

2.1. The objectives of this work are to ensure:

- That a robust and detailed design is developed in line with UKPN technical specifications and GLA aspirations for a high quality and locally responsive building;
- A detailed planning application is submitted to secure planning consent for the required works;
- Increased certainty to development partners on the availability of power to the Royal Docks, helping them to plan for growth and investment into the OAPF area; and
- Detailed negotiations with UKPN continue on the terms of the agreement between the GLA and UKPN, including the development of an appropriate land disposal model and commercial agreements.

2.2. The expected outcomes of this work are:

- Securing planning consent for a high-quality new piece of infrastructure in support of reinforcing the local areas electricity network;
- Developing the technical documentation required for tendering the works contract;
- Delivering against GLA responsibilities for the design and construction of the substation;
- Finalising detailed negotiations on the terms of legal agreement with UKPN to develop an appropriate land disposal model and commercial agreements.
- Facilitating and enabling the long-term success of the Royal Docks by supporting the Enterprise Zone (EZ) Delivery Plan through a catalytic package of connectivity projects that will help to deliver the cohesive transformation of the Royal Docks and accelerate the delivery of new EZ commercial space, homes and jobs.

3. Equality comments

- 3.1. Under Section 149 of the Equality Act 2010, as a public authority, the GLA must have 'due regard' of the need to:
- eliminate unlawful discrimination, harassment, and victimisation; and
 - advance equality of opportunity and foster good relations between people who have a protected characteristic and those who do not.
- 3.2. The proposed electricity upgrade is not expected to have any impact on those with protected characteristics as it will merely expand the existing network and will support the provision of more electricity. However, improvements in power supply will allow for the delivery of additional housing (including affordable housing) and employment opportunities across the Royal Docks Enterprise Zone, leading to improvements in housing and job opportunities for all, including those with protected characteristics.
- 3.3. The design of the electricity substation shell and the associated public realm will be subject to review to ensure that it does not have any negative impacts on those with protected characteristics.

4. Other considerations

Key risks and issues

- 4.1. Key risks associated with this approval are as follows:
- **Programme** – The current programme for energisation of the substation is 2025. These timescales may have knock on effects to development timelines for the Royal Docks and impact developer confidence. We are working with UKPN to see how these timescales can be reduced and are working at pace to secure the design team for the GLAs works obligations.
 - **Design Team** – Procuring a design team that can deliver against both the technical requirements of UKPN's specifications and the GLAs aspirations for a high quality and contextually responsive design. A robust procurement exercise will be conducted to appoint an appropriately resourced and experienced design team that can deliver against these requirements.
 - **Legal Negotiations & Commercial Model** – The terms of the agreement between the GLA and UKPN are subject to ongoing negotiations including the development of an appropriate land disposal model and commercial agreements. This includes formulating a cost recovery structure from developers on a proportionate and equitable basis as development occurs. The Royal Docks Team is receiving advice on the appropriate mechanism to do so; however it is unlikely that costs will be recovered in full. The model is not sufficiently developed for inclusion

as part of this approval and will be presented for agreement as part of future Director's Decisions.

- **Power Ringfencing** – Under the terms of the Regulations, power supply will be reserved for a period of 12 months following completion of the works. However, UKPN has indicated that the 88MVA secured by the Royal Docks may be ringfenced beyond this period in accordance with the schedule of development provided as part of the connection offer, as such this will be investigated further. Any bespoke agreements will be captured through Heads of Terms and associated agreements. These will be presented for agreement as part of future Director's Decisions.
- **Cost Liability** – Cost liability is not capped under UKPN's standard terms and conditions. However, it is considered that sufficient contingency has been included in the funding envelope under MD2655 to account for any cost overruns. Current costs are however indicative and subject to detailed design and site investigation. The Royal Docks Team will work with UKPN to ensure robust mechanisms and processes are in place to manage cost overruns and ensure value for money, as well as work with the Design Team to secure the most commercially advantageous design.

Link to Mayoral strategies and priorities

- 4.2. The site will support Mayoral commitments to grow the numbers of new high-quality and genuinely affordable homes, promote new educational opportunities, as well as generate employment, commercial benefit and local social value.
- 4.3. This project will therefore support the implementation of a number of the Mayor's policies such as the Intend to Publish London Plan, A City for All Londoners, Healthy Streets Approach, the Mayor's Transport Strategy, London Housing Strategy, London Environment Strategy and is aligned with the Mayor's Equalities Framework to consider the requirements of relevant equalities groups.

Consultation and impact assessments

- 4.4. Consultation with development partners across the Royal Docks has taken place to establish the power requirements identified and which informs UKPN's connection offer. Further consultation will also be undertaken in the design of the substation shell and associated public realm as well as through the associated planning permission. Relevant internal and external stakeholders will be consulted, including local residents, the London Borough of Newham, local schools and education providers, development partners and organisations undertaking activity in the area.
- 4.5. The project will have due regard to data protection, health and safety, and safeguarding where relevant.

Conflicts of interest

- 4.6. There are no conflicts of interest to declare for the officers involved in the drafting or clearance of this decision.

5. Financial comments

- 5.1. This decision requests approval for up to £850,000 expenditure to be incurred over years 2020/21 and 2021/22 to fund a design team to undertake detailed design and secure planning consent for the new sub-station, as well as associated site investigations and ongoing legal negotiations with UKPN.
- 5.2. This expenditure will be funded from the Connectivity Theme of the Delivery Plan as set out in MD2338 which approved a total spend of £212.5m. MD2655 approved a spend of up to £25.218m capital expenditure to fund the GLA's contribution to the electricity reinforcement works, and this £850,000 funding request is from the £25.218m approved in MD2655.

6. Legal comments

- 6.1. The foregoing sections of this report indicate that the decisions requested of the director fall within the statutory powers of the Authority to promote and/or to do anything which is facilitative of or conducive or incidental to economic development and wealth creation and social development within Greater London and in formulating the proposals in respect of which a decision is sought officers have complied with the Authority's related statutory duties to:
- (a) pay due regard to the principle that there should be equality of opportunity for all people;
 - (b) consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom; and
 - (c) consult with appropriate bodies.
- 6.2. In taking the decisions requested of him, the director must have due regard to the Public Sector Equality Duty; namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010, and to advance equality of opportunity between persons who share a relevant protected characteristic (race, disability, gender, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment) and persons who do not share it and foster good relations between persons who share a relevant protected characteristic and persons who do not share it (section 149 of the Equality Act 2010). To this end, the director should have particular regard to section 3 (above) of this report.
- 6.3. Officers must ensure that any external services required for the project be procured in accordance with the Authority's Contracts and Funding Code (the "Code") and with the assistance of Transport for London's procurement team. Furthermore, officers must ensure that appropriate contractual documentation be executed by both the Authority and the relevant contractor prior to the commencement of the required services.

7. Planned delivery approach and next steps

- 7.1. An indicative programme of activities is set out below:

Activity	Timeline
Design Team Appointment	January 2021
Detailed Design & Planning Submission	May 2021
Planning Decision	August 2021
Works Contractor Appointment	December 2021
Start on Site	Jan 2022
PC of GLA Responsibilities	December 2023

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 either be published 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? YES

If YES, for what reason:

The contracts have yet to be procured and as such it would prejudice the GLA achieving value for money

Until what date: 01/4/2021

Part 2 – Sensitive information

Only the facts or advice that would be exempt from disclosure under 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:

Andrew McVitty has drafted this report in accordance with GLA procedures and confirms the following:

✓

Assistant Director/Head of Service:

Simon Powell has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

Financial and Legal advice:

The Finance and Legal teams have commented on this proposal, and this decision reflects their comments.

✓

Corporate Investment Board

This decision was agreed by the Corporate Investment Board on 9 November 2020.

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature



Date

9 November 2020

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