

REQUEST FOR DIRECTOR DECISION – DD1347

Title: Surrender & Renewal of Lease of Plot 4A, London Sustainable Industries Park

Executive Summary:

An existing lease relating to Plot 4 London Sustainable Industries Park ('LSIP') (with approximately 10 years unexpired) is to be surrendered and, simultaneously, a new lease of land known as Plot 4A LSIP outside of the Landlord & Tenant Act 1954 (in respect of security of tenure and compensation provisions) is to be granted by GLA Land and Property Ltd ('GLAP'), the Landlord, to the Institute for Sustainability ('IFS'), the tenant.

The new lease, of land known as Plot 4A LSIP, is substantively on the same terms and conditions as the existing lease of Plot 4 except that: (i) the lease/service charge start date is to be 1st January 2015, and (ii) the land to be demised under the new lease is a revised plot located on the north side of LSIP Hub building, where the services are configured, rather than on the south side as currently demised.

Decision:

That the Executive Director – Housing and Land:

- Approves GLA Land and Property Limited ('GLAP') entering into a Deed of Surrender in relation to an existing Lease of land known as Plot 4 London Sustainable Industries Park dated 13 April 2012 made between (1) London Thames Gateway Development Corporation and (2) Institute for Sustainability together with all deeds and documents varying or supplemental or ancillary to it; and
- Approves GLAP entering into a new lease of land known as Plot 4A London Sustainable Industries Park in Dagenham with Institute for Sustainability on substantively the same terms as the lease of Plot 4 dated 13 April 2012 (save for the location of the demise and the date of commencement of the rent and service charge, which is to be 1st January 2015).

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: David Lunts

Signature:

Position: Executive Director – Housing & Land

Date:

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

The existing lease of land at Plot 4 London Sustainable industries Park ('LSIP') was entered into between London Thames Gateway Development Corporation (LTGDC) and the Institute for Sustainability ('IfS') on 13 April 2012. Subsequently LTGDC's freehold interest in the land at Plot 4 transferred to the Greater London Authority ('GLA') by way of statutory transfer, and then subsequently to GLA Land and Property Ltd ('GLAP').

After the statutory transfer, the Mayor approved additional budget for the development of the LSIP (of which Plot 4A forms part) on 11th July 2013 (MD1237).

Since the 2012 lease was granted, GLAP and IfS, a charity, have agreed that the IfS's two research buildings be constructed on a different, albeit similarly sized, plot on Plot 4 LSIP in order to connect with services that are available now that the LSIP Hub/Security building has been built next door.

The change has been reported to and endorsed by the Housing Investment Group, most recently on 13th January 2015.

2. Objectives and expected outcomes

The primary purpose of the surrender of the existing lease and the grant of a substitute lease by GLAP is to formalise the site serving arrangements for the plot. The benefit for GLAP of the 'plot substitution' is that the IfS's services connections are closer to the existing utility service connection points in Halyard Street, and this means that they have not had to dig under the access road off Halyard Street.

The outcome will be that:

- the IfS lease will relate to the correct plot of which they are occupants (Plot 4A); and
- the IfS's liability for paying rent and service charge commences on 1st January 2015 (c.f. 1st January 2014 previously agreed by LTGDC) to reflect when new utility services would be ready for them.

It was expected that the utility services connections would be available to the IfS by 1st January 2014 but due to (i) the delayed handed over of the LSIP Hub, and more recently (ii) blockages in the local foul sewerage network, this proved not to be case.

The Institute for Sustainability officially opened their 'SusLab Living Laboratory' on Plot 4A at the LSIP on 26th February 2014, a couple of months after completion of the 'LSIP North Infrastructure Works' contract.

3. Equality comments

The proposed property transaction does not raise any equality issues or impacts.

Equality issues are considered in the procurement policies that have been adopted for this project.

4. Other considerations

The cultivation of research into sustainability and low carbon economies – such as offered by the Institute for Sustainability and their sub-partner, the University of East London's *Sustainability Research Institute* – at the centre of the LSIP is an integral part of the *Planning Framework* for the commercial park, planning policy that is supported by the local planning authority, London Borough of Barking & Dagenham, and by other stakeholders.

The Park is located in Dagenham Dock, west of the Main Line Railway Station, in the London Borough of Barking & Dagenham, in east London.

It lies within the *Green Enterprise District*, a regeneration project of the Mayor of London to create a low-carbon economy region in Greater London.

Plot 4A lies in Hitch Street, off Choats Road, Dagenham and is located next to the LSIP Hub in LSIP North.

GLAP has invested in new infrastructure in the Park to realise the full value of its landholding and to create up to 350 local jobs in clean tech/energy businesses, as well as construction jobs.

The Park is also helping to deliver the Mayor's strategy for dealing with London's waste in London and by using cleaner technologies that do not involve incineration. The Institute for Sustainability and the University of East London plan to work with some of the early tenants on the park, energy from waste operators, to help bring about business synergies.

5. Financial comments

The original lease with the Institute for Sustainability 'IfS' at Plot 4 of LSIP is to be surrendered and a new lease for the plot occupied by the IfS, Plot 4A, drawn up.

The new lease will be for 10 years from the 1st January 2015 at a rental of £8,000 per annum, as agreed in the original lease for Plot 4 of LSIP dated April 2012.

The rental period is 10 years so the total rental owing will be £80,000 over the term.

There will be no indexing on the rent which will be collected via GLAP's Estate Management partner, GVA.

Legal fees relating to this matter will amount to £3,500 to be paid from the LSIP project budget in 2015/16.

6. Legal comments

6.1 GLAP has been advised by its external lawyers, who have prepared the draft Deed of Surrender and new Lease of land at Plot 4A, LSIP.

6.2 Section 30 of the Greater London Authority Act 1999 (as amended) ("GLA Act") gives the Mayor a general power to do anything which he considers will further one or more of the principal purposes of the GLA. The principal purposes, as set out in section 30(2) of the GLA Act are:

- (1) promoting economic development and wealth creation in Greater London;
- (2) promoting social development in Greater London; and
- (3) promoting the improvement of the environment in Greater London.

6.3 Given the above, section 34 of the GLA Act which allows the Mayor to do anything which is calculated to facilitate or is conducive or incidental to the exercise of any of his functions, and the

Mayor's powers under section 38 of the GLA Act to delegate to any GLA member of staff functions of the GLA that are exercisable by him, the foregoing sections of this report indicate that the GLA has the power to make the requested decisions.

7. Planned delivery approach and next steps

Activity	Timeline
Draft legal documents (Deed of Surrender, draft new Lease, draft MoU)	Feb 2015 (done)
Director's Decision	April 2015
Completion of legal documents – target date	May 2015

Appendices and supporting papers:

Plot Plan showing Plot 4A LSIP (note: this copy not to scale).

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 either be published 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

Until what date: (a date is required if deferring)

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:

Christopher Broster has drafted this report in accordance with GLA procedures and confirms that:

✓

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.

✓

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

Date