GREATER**LONDON**AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2611

Title: EastPlus – freehold sale of EastPlus Plot 17, Ferry Lane, Rainham

Executive Summary:

GLA Land and Property Ltd ('GLAP') seeks approval for the sale of a plot of vacant industrial land in the EastPlus property portfolio to GLAP's development partner, SEGRO. The disposal will enable their customer, Wanis Ltd (long established and headquartered in east London), to expand their world food and distribution business.

The sale will bring a GLAP-owned brownfield site in Rainham in east London back into economic use.

Decision:

That the Mayor approves:

1) the disposal by GLA Land and Property Ltd of EastPlus Plot 17 (the former Marsh View Industrial Estate) in Ferry Lane in Rainham to SEGRO, materially on the terms set out in Part 2 of this Decision Form; and

2) further expenditure for GLA Land and Property Ltd on the EastPlus project of up to £50,000 on the costs of sale of EastPlus Plot 17.

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: 18/3/21

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

Decision required – supporting report

1. Introduction and background

1.1 Industrial land and property in east London owned by GLA Land and Property Ltd (GLAP) is being developed under an existing agreement with SEGRO Development Properties Ltd (SEGRO) pursuant to Mayoral Decision (MD) 1620 which approved their selection as development partner by entry into a development agreement (DA) in accordance with the GLA's disposal plan.

Background

1.2 The development of the EastPlus portfolio has the potential to create up to 4,000 jobs.

1.3 EastPlus Plot 17 is one of four industrial development plots in the EastPlus portfolio in Ferry Lane, Rainham that are collectively being marketed by SEGRO further to their obligations under the agreement between GLAP and SEGRO dated 31 March 2016 (the 'EastPlus DA'). Plot 17 is located on the west side of Ferry Lane, an adopted highway in the London Borough of Havering, and is at the junction with Coldharbour Lane in RM13.

1.4 The industrial site (no buildings) comprises almost 2½ hectares (approximately 6 acres) gross; it has good frontage to Ferry Lane in Rainham and is within walking distance of Rainham railway station (London, Tilbury and Southend Railway line).

1.5 The land drawdown process prescribed in the EastPlus DA requires the developer, SEGRO, to submit a Site-Specific Development Plan ('SSDP') to GLAP when requesting the drawdown of a site in the EastPlus portfolio. The SSDP establishes the land price for the property; it is then scrutinised by Lambert Smith Hampton, cost consultants for GLAP on the EastPlus project.

The sale of EastPlus Plot 17

1.6 Terms for the drawdown of EastPlus Plot 17 by SEGRO to facilitate the expansion of an established local food and drink distribution business are well advanced through the disposal route prescribed in the EastPlus DA.

1.7 The price for EastPlus Plot 17 exceeds the gross minimum price required by the DA, and it meets GLAP's requirements of the EastPlus project in realising the value of its property assets.

1.8 Wanis require a freehold interest in EastPlus Plot 17 and a new c.100,000 sq.ft. logistics building. The premises will be built by SEGRO, as envisaged under the EastPlus DA, to meet business expansion plans. Segro will enter into a binding build contract with Wanis alongside drawing the land down from GLAP.

1.9 GLAP will sell EastPlus Plot 17 to SEGRO on the terms set out in Part 2 of this Form.

1.10 The plot has been left unused and unkept for many years. The sale will support a local SME – specialising in distribution of world food – updating and renewing east London's industrial stock and directly addressing the Mayor's London Plan policy aspirations around retention and expansion of London's industrial floorspace.

2. Objectives and expected outcomes

2.1 The central objective of this decision is to dispose of the site to a local SME, achieving an above-minimum land price for the GLA and support the Mayor's strategies around maintaining and enhancing London's industrial workspace. The disposal will also maintain continuity on a live and successful development project on GLAP-owned land in east London during a particularly active period in the cycle of the project.

2.2 The decision will enable GLAP to meet its contractual requirements under the EastPlus DA.

2.3 The longer-term benefits to the area (and to the GLA) of the proposed development include:

(i) the potential for millions of pounds of investment in south Rainham;

(ii) the regeneration of the area between Rainham railway station and Easter Business Park to the south;

(iii) the potential for achieving businesses synergies with the prospective occupier's other premises in the local area; and

(iv) more partnership working with other businesses in the local Business Improvement District.

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 (i) eliminate unlawful discrimination, harassment and victimisation; (ii) advance equality of opportunity between people who share a relevant protected characteristic and those who do not; and (iii) 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 re-assignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation, and marriage or civil partnership status.

3.3 Throughout the decision-making process relating to the approvals sought in this Decision Form to facilitate this sale due regard has been had to the 'three needs' outlined above. An evaluation has concluded that the sale has not identified any issues that adversely affect any groups with protected characteristics.

4. Other considerations

4.1 The key risk is if Wanis withdraw from the proposed sale process before contractual completion. This is considered unlikely provided the parties proceed as intended. Wanis has an existing logistics requirement which the site and SEGRO can deliver.

4.2 Another risk is ground contamination from third party land located to the north between Ferry Lane and the River Ingrebourne, an area that includes industrial activities in and around Salamons Way. Construction on EastPlus Plot 17 is only allowed in accordance with the planning consent and a ground remediation strategy agreed after consultation with the Environment Agency and the Borough. All ground contamination risk is passed to the developer once the disposal terms are agreed.

4.3 There are no conflicts of interest to note for any of the officers involved in the drafting or clearance of this decision.

4.4 Pursuant to MD2565 ('EastPlus – retention of services of specialist property consultant by GLAP'), Lambert Smith Hampton scrutinises for GLAP the development costs and appraisals submitted by SEGRO.

4.5 This decision will support:

(i) the exit strategy for the Mayor's Land & Property portfolio

(ii) the continued comprehensive regeneration of brownfield land in east London, leading to the creation of many hundreds of jobs, both directly and indirectly, many in SMEs

(iii) the economic development of the wider Dagenham Dock industrial area.

5. Financial comments

5.1 This decision requests approval for GLAP to sell EastPlus Plot 17 (the former Marsh View Industrial Estate) in Ferry Lane in Rainham to SEGRO, materially on the terms set out in Part 2. Further financial comments are set out in Part 2.

5.2 This decision also requests approval for further expenditure of up to £50,000 on the costs of sale of EastPlus Plot 17. These costs will be funded from the sales proceeds.

5.3 VAT will be chargeable on the sale price.

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 which he considers will further one or more of the principal purposes of the GLA as set out in section 30(2) which are:

(i) promoting economic development and wealth creation in Greater London

(ii) promoting social development in Greater London

(iii) promoting the improvement of the environment in Greater London

and, 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 United Kingdom and contribute towards the mitigation of or adaptation to climate change in the United Kingdom
- consult with appropriate bodies.

6.2 In exercising the power contained in section 30 of the GLA Act, the GLA must have regard to the matters set out in sections 30(3-5) and 33 of the GLA Act, and also the Public Sector Equality Duty in section 149 of the Equality Act 2010. To this end, the Mayor should have particular regard to section 3 (above) of this report.

6.3 Sections 1 – 3 of this report indicate that the decision of the Mayor falls within the Mayor's statutory powers.

7. Planned delivery approach and next steps

Activity	Estimated Timeline
Mayoral approval (targeted date)	March 2020
Contract – finalisation of detailed terms and conditions for Building Lease	March 2020
Delivery – completion of the Building Lease (lease premium due)	March 2020
Delivery – handover of the site	March 2020

Appendices and supporting papers:
Appendix 1 – Plan of EastPlus Plot 17 in Ferry Lane (not to scale).

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.

Publication of Part 1 is to be deferred for 2 months from the date of the decision whilst the detailed terms and conditions of the transfer of EastPlus Plot 17 are concluded; immediate publication risks compromising the implementation of the decision.

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 – Yes

ORIGINATING OFFICER DECLARATION:	Drafting officer to confirm the following (✓)
Drafting officer: Christopher Broster has drafted this report in accordance with GLA procedures and confirms the following:	✓
Sponsoring Director: Rickardo Hyatt has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.	✓
Mayoral Adviser: David Bellamy 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 16 March 2020	

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature M. D. Elle **Date** 16.3.20

CHIEF OF STAFF:

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

Signature D. Bellamy **Date** 17/3/2020.