

# GREATER **LONDON** AUTHORITY

## REQUEST FOR ASSISTANT DIRECTOR DECISION – ADD2317

### LIEC (Excel London) Estate Review

#### Executive Summary:

GLA Property Limited (GLAP) is the freeholder of land surrounding the Royal Docks in Newham including the area on which the London International Exhibition Centre (LIEC - known as ExCeL London) sits. The long-leasehold between GLAP and LIEC was signed in 2001 and varied in 2008. It is a complicated document and does not provide an ideal position for either party. Work is required to assess the options to restructure and vary the lease. This ADD seeks budget to do that.

#### Decision:

That the Assistant Director of Strategic Projects and Property approves investment of up to a maximum of £50,000 to fund legal and commercial advice relating to the LIEC estate review including the options for the GLAP to recover value from plot developments.

#### AUTHORISING ASSISTANT DIRECTOR/HEAD OF UNIT

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:** Simon Powell

**Position:** AD Strategic Projects and Property

**Signature:**



**Date:**

1 / 13 / 19

## **PART I - NON-CONFIDENTIAL FACTS AND ADVICE**

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1. The London International Exhibition Centre (known as ExCeL London) opened in 2000 and was extended in 2010. It is a major asset for the Royal Docks. It brings over 4m visitors a year, promotes the Royal Docks as a place for business and investment as well as being a committed partner in the regeneration of the area including the Royal Docks Enterprise Zone.
- 1.2. The Royal Docks Team (a joint initiative between the Mayor of London and the Mayor of Newham) work closely with the ExCeL management team on a series of project and initiatives. The LIEC estate forms a key gateway to the Royal Docks as it neighbours three DLR stations (Royal Victoria, Prince Regent and Custom House), the latter of which is on the Elizabeth Line. It is also where the current and future Royal Victoria Dock bridges land on the north side.
- 1.3. LIEC has a lease from 2001 which was agreed by the London Development Agency (LDA) and which was amended in 2008 when LIEC was acquired by the Abu Dhabi National Exhibitions Company (ADNEC). The lease created the LIEC estate which is most of the area to the north of Royal Victoria Dock and includes the main centre as well as various development plots which have been developed into residential, hotels and retail. The LDA lease (and variation) were inherited by GLA Land & Property Limited (GLAP) in 2010.
- 1.4. The lease provides GLAP with a share of turnover from LIEC each year and sets out a process for sharing value when other plots are redeveloped. The lease is however very complicated (and was made more so by the variation in 2008) despite the reality being relatively straight forward in property terms. The lease sets out future development plots based on an historic masterplan which is now no longer relevant, and the plots don't allow for easy decision-making.
- 1.5. This is evidenced by the fact that GLAP and LIEC had to agree a separate arrangement for the most recent two development plot deals because of the complexity and vagueness of the varied lease. This was cumbersome, time consuming and involved extensive legal negotiation which ultimately delayed the construction of new homes. New agreements will be necessary to allow the residential development to include more affordable homes.
- 1.6. The proposal now is that the lease documentation be simplified to address these issues.

#### **2. Objectives and expected outcomes**

- 2.1. This ADD does not seek approval for any immediate change of the lease arrangements. It merely seeks approval for the principle of exploring this and for budget to commission legal and commercial advice, as necessary, to develop proposals for future consideration. It is likely that any future changes would require a Mayoral or Director Decision.
- 2.2. Legal advice is needed to review the opportunities for varying the document whilst ensuring that GLAP's interests are retained. Commercial advice is needed to ensure that the assessment of value now, or the calculation formulas for future value, are appropriate and protect GLAP's position. The legal advice will be sourced via TfL Legal and the commercial advice procured via the TfL Property Panel.
- 2.3. Where the development of the estate includes residential the land is considered to be private land for the purposes of affordable housing, so some of this funding will review the means to increase affordable housing through additional subsidy or adjusted land value.
- 2.4. The guiding principles of the process for GLAP are:

- 2.4.1. To continue to support the success and growth of LIEC in attracting visitors, investment and business in the Royal Docks.
- 2.4.2. To ensure that any future changes continue to allow GLAP to receive an appropriate share of value from the LIEC estate.
- 2.4.3. To rationalise the lease terms to make its interpretation easier and clearer to support proper management of the terms of the lease and make future decision-making easier.
- 2.4.4. To provide a clear route for any future development of the estate including the basis for sharing value between the parties.

2.5. Further decisions for the GLA may result from this work.

### **3. Equality comments**

- 3.1. The public sector equality duty requires the identification and evaluation of the likely potential impacts, both positive and negative, of the decision on those with protected characteristics (age, disability, gender reassignment, pregnancy and maternity, race, gender, religion or belief, sexual orientation). This lease review is not expected to raise any issues which could result in any potential impacts on those with protected characteristics.

### **4. Financial comments**

- 4.1. This decision seeks approval for expenditure of up to £50,000 for legal and commercial advice relating to an assessment of the options to simplify the lease held by GLAP with the London International Exhibition Centre.
- 4.2. The funding for the expenditure will come from the GLAP budget.

### **5. Planned delivery approach and next steps**

<b>Activity</b>	<b>Timeline</b>
Procure legal and commercial advice	Spring 2018
Development of initial proposals with LIEC	Spring 2018
Potential future decision	Mid 2018

### **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? NO

**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:**

Paul Creed has drafted this report in accordance with GLA procedures and confirms the following:

✓

**Corporate Investment Board**

This decision was agreed by the Corporate Investment Board on 26 February 2019.

**ASSISTANT DIRECTOR OF FINANCE AND GOVERNANCE:**

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

Signature



Date

28.02.19