

PART 2 – CONFIDENTIAL FACTS AND ADVICE

MD2176

Title: Royal Docks - Design & Engineering UTC land disposal

Information may have to be disclosed in the event of a request under the Freedom of Information Act 2000. In the event of a request for confidential facts and advice, please consult the Information Governance team for advice.

This information is not for publication until the stated date, because:

The information contained in this part of the report contains sensitive information that could prejudice the GLAPs commercial interests. Comments around potential school closure could also be deemed sensitive.

Date at which Part 2 will cease to be confidential or when confidentiality should be reviewed: **01/09/18**

Legal recommendation on the grounds of keeping the information confidential:

The contents of Part 2 include sensitive information which related to the GLA's commercial interests, the disclosure of which could prejudice those interests. For those reasons it is considered that the information contained in this report and appendices is exempt from publication in reliance upon the exclusions contained in section 43 (2) (Commercial Interests) of the FOI Act 2000 and because the public interest in withholding the information outweighs the public interest in releasing it.

Legal Adviser - I make the above recommendations that this information should be considered confidential at this time

Name: Claire Mason - TFL Legal

Date: 27 September 2017

Confidential decision and/or advice:

1. Market Value

- 1.1 GL Hearn assessed the Market Value of the site in March 2017 for the GLAP annual asset valuation and have re-confirmed that the sale price of £1,400,000 + VAT is still appropriate.

2. Contingent Liability

- 2.1 In the event that the options to draw down either Plot 2 or 3 are not exercised and GLAP subsequently disposes of a plot to a third party, then GLAP will reimburse a proportion of the capital cost of constructing the road and other site infrastructure to DCLG from the proceeds of the sale (once in receipt of the funds). The plots will benefit from the road access and provision of services.
- 2.2 This was agreed but not quantified in MD 1591. Following a costing exercise utilising external cost consultants, a reasonable split of infrastructure costs was agreed.
- 2.3 This potential payment is agreed at £546,000 + VAT for Plot 2 & £546,000 + VAT for Plot 3.
- 2.4 The ESFA have provided a breakdown of costs to deliver the access road and related infrastructure that total £2.7m.
- 2.5 If Plots 2 or 3 are not drawn down and are sold the purchaser will pay a proportion of the ongoing cost of servicing, maintaining and operating the road and infrastructure to DCLG by the third party purchaser.

3. Risks & Issues

- 3.1 If this deal does not proceed then the ESFA will not be able to construct the college building and the UTC would have to find alternative accommodation and in the worst-case scenario close.
- 3.2 It should be noted that whilst the option agreements will allow for GLAP approval rights over any planning application made on Plots 2 & 3 these controls are not as robust as could be accommodated within a development agreement and therefore GLAP will have to work closely with any new application coming forward to ensure design quality is high.

4. Heads of Terms

- 4.1 The heads of terms for the sale are attached as Appendix 1 and the basis on which it is proposed that GLAP enter into the sales and option agreements with DCLG.

5. Finance comments

- 5.1 The disposal for four acres of land at Royal Albert Docks were approved in MD1591. This Decision is seeking approval for disposal of the sites to Secretary of State for Communities and Local Government, on the same arrangements as set-out in MD1591. The sites would be disposed for a consideration of £1.4m, and professional valuer GL Hearn has confirmed that £1.4m is best consideration. The price has also remained unchanged to the price stated in MD1591. The disposal of the sites will be subjected to VAT.
- 5.2 There is a potential liability to GLAP of £1.1m plus VAT, if the options for plots 2 and 3 are not exercised and GLAP dispose of the land to a third party.

Part 2 Appendices

Appendix 1 – Heads of terms for option and sale agreements