

**REQUEST FOR MAYORAL DECISION – MD1456**

**Title: Lymington Fields – Whalebone Lane Highway Works**

**Executive Summary:**

This Mayoral Decision is to approve additional capital expenditure in order to meet a GLA Land & Property (GLAP) contractual liability to contribute 50% of the total costs of completed highway works adjacent to the Lymington Fields site in London Borough Barking & Dagenham (LBBD).

MD1068 approved the disposal of land at Lymington Fields to Lovell Partnerships Limited on the basis of a minimum development of 362 homes, and MD1302 approved the disposal of the adjacent Eldonwall site for use as a school.

This decision is required in order to fund completed works to the highway adjacent to the site to enable the maximum number of homes and a new school to be delivered.

**Decision:**

That the Mayor approves capital expenditure of £645,950 within 2014-15 in order to meet a contractual liability to contribute 50% of the total costs of completed highway works adjacent to the Lymington Fields site.

**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:**

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

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

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

- 1.1 GLAP owns the Lymington Fields site and the adjacent Eldonwall Industrial Estate, which transferred from the Homes and Communities Agency (HCA) in April 2012.
- 1.2 As part of an outline planning permission for 602 homes on the Lymington Fields site, the HCA entered into a S106 agreement with the London Borough of Barking & Dagenham containing an obligation to undertake works to the highway at Whalebone Lane South. The agreement was completed on 4 March 2009. This obligation passed to GLAP upon the transfer of assets and liabilities from the HCA to GLAP in April 2012
- 1.3 The works were necessary to ensure that the junction had sufficient capacity to meet the access demands of the planned new homes. The required works included widening the junction, adjusting carriageway levels, installing traffic lights and traffic islands and rerouting utilities. The HCA committed to undertaking the highway works in order to ensure that the maximum number of new homes could be delivered on the site.
- 1.4 The S106 agreement stipulated that the works must be completed before the 300<sup>th</sup> occupation on the Lymington Fields site. To date, 213 of the planned 610 homes are complete. It is envisaged that the 300<sup>th</sup> home will be ready for occupation during 2016-17.
- 1.5 The Lymington Fields site is being developed in three phases: Phase 1A of 193 homes was completed by Countryside and Metropolitan Housing Trust in 2012 and GLAP is in contract with Lovell Partnerships Limited to deliver the remaining two phases: Phase 1B of 125 homes is under construction, with twenty homes completed to date. Planning permission has been achieved for 292 homes on the final phase and construction should begin before the end of March 2015.
- 1.6 GLAP will shortly transfer the Eldonwall site to LB Barking & Dagenham for use as a school.
- 1.7 Please see the plan attached as Appendix 1, which identifies the area of the highway works, in addition to the Phase 1B and Phase 2 development sites, the Eldonwall land and the road to be constructed by Lovell under the Development Agreement with GLAP; this road links the development site to the road improved by Ravenside Investments Limited (a subsidiary of Land Securities) and provides the primary access route for the residential development and the school.

#### **Land Swap Agreement**

- 1.8 In order to ensure that the highway works could be completed before the 300<sup>th</sup> home was ready for occupation, the HCA agreed a nil cost land swap with Ravenside Investments Limited on 30 March 2012. HCA acquired land owned by Ravenside on the north side of the junction and in return HCA transferred to Ravenside a small part of the Eldonwall site to enable Ravenside to extend the goods yard of their site. Ravenside was eager for the highway works to be completed as it would improve access to their site, which they intended to refurbish and market as retail space.
- 1.9 The Land Swap agreement contained the obligation for Ravenside to complete the highway works to the specification required by the S106 agreement and in consultation with the HCA. In return, the HCA would contribute 50% of the total cost of the highway works (including professional fees and exclusive of any VAT).
- 1.10 Ravenside has now completed the highway works. According to the Land Swap agreement, the payment from GLAP is due upon the earlier of the implementation of the planning permission for Phase 1B or four years from practical completion of the highway works. The planning permission for

Phase 1B was implemented on 16 May 2014, however it was agreed between the parties that as the final cost of the highway works was not available, payment would be deferred until practical completion of the works.

- 1.11 Ravenside Investments Limited has provided GLAP with progress updates and interim cost estimates as the highway works were underway. Accordingly, this liability has been recorded on GLAP's contingent asset and liabilities register.

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

- 2.1 The Part 2 confidential section of this paper includes full details of the required payment.

## **3. Equality comments**

- 3.1 This decision will allow the maximum number of homes to be delivered on the adjacent GLAP development sites. Homes will be provided to suit a range of residents, and across all development phases the sites will deliver 47% of affordable housing.
- 3.2 This decision implements the *London Housing Strategy* (June 2014) policies to increase housing supply and bring forward land for development. In January 2014 the GLA published an Integrated Impact Assessment ("IIA"), including an equalities impact assessment of the strategy.

## **4. Other considerations**

### **a) Key risks and issues**

Given that expenditure has been identified within the existing Housing & Land capital budget, there is no financial impact on other projects.

The works have been completed and inspected by the Local Authority, which has confirmed that they have been completed to the required standard.

### **b) Links to Mayoral strategies and priorities**

Increasing housing supply

An improved junction enables the maximum number of homes to be delivered on the site (610 homes). If the highway works were not completed, only 300 homes could be delivered.

Helping to ensure a good school place for every London child

An improved junction provides the access which will be required for a new school on the Eldonwall site.

Facilitating jobs and growth

The Lymington Fields development has the potential to create 40 jobs, in addition, the new school will provide an estimated 20 jobs.

### **c) Impact assessments and consultations**

Public consultations were undertaken as part of the planning application process for the highway works and the residential planning applications on the site.

## **5. Financial comments**

Financial comments are given in confidential part 2 section of this paper.

## 6. Legal comments

- 6.1 Clause 2.2.1 of the Land Swap Agreement obliged Ravenside Investments Limited to carry out the highway works (defined as “Junction Works” in the Agreement) and in return the HCA agreed to meet 50% of the total costs for these works. These contractual obligations have been in place since 30 March 2012.
- 6.2 This 50% contribution towards the costs is contractually required at the earlier of either the implementation of the planning permission for the Phase 1B site or four years from practical completion of the highway works. We understand that the planning permission for the Phase 1B site has long since been implemented.
- 6.3 Ravenside Investments Limited has been obliged to provide full details of these costs to the HCA and where the costs differed from the costs schedule attached to the Agreement, then only costs properly incurred in carrying out the highway works could be charged to the HCA. We understand that a full package of information relating to these costs, including invoices, has been provided to GLAP and it is happy that the costs are correct.
- 6.4 The HCA’s contractual obligations pursuant to the Land Swap Agreement (including the obligation to make the 50% contribution to the highway works) transferred to GLAP pursuant to the Greater London Authority and the Homes and Community Agency Transfer Scheme 2012 on 1 April 2012.

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; and
- iii. Promoting the improvement of the environment in Greater London.

It should be noted that as GLAP will be a party to the legal documentation, GLAP will also need to approve the proposed capital expenditure in accordance with its constitution.

## 7. Investment & Performance Board

This decision has not been considered at IPB or the Housing Investment Group because this is not a novel or contentious decision; it is a contractual commitment which has been highlighted on the liabilities register.

## 8. Planned delivery approach and next steps

Activity	Timeline
Highway works payment made to Ravenside Investments Limited	20 March 2015

## Appendices and supporting papers:

Appendix 1 – Plan showing highway works and development sites

**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**

If YES, for what reason:

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 – YES**

**ORIGINATING OFFICER DECLARATION:**

Drafting officer to confirm the following (✓)

**Drafting officer:**

Elinor Savage has drafted this report in accordance with GLA procedures and confirms the following have been consulted on the final decision.

✓

**Assistant Director/Head of Service:**

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

✓

**Sponsoring Director:**

Jamie Ratcliff has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

**Mayoral Adviser:**

Richard Blakeway has been consulted about the proposal and agrees the recommendations.

✓

**Advice:**

The Finance and Legal teams have commented on this proposal.

✓

**EXECUTIVE DIRECTOR, RESOURCES:**

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

**Signature**

**Date**

**CHIEF OF STAFF:**

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

**Signature**

**Date**