

# GREATER LONDON AUTHORITY

## REQUEST FOR DIRECTOR DECISION – DD2297

### Royal Docks Place, Economy & Connectivity Project Fees

#### Executive Summary:

MD2338 approved expenditure of up to £212.5m for the Royal Docks Enterprise Zone (EZ) Delivery Plan to deliver an integrated and catalytic package of projects that are identified under the five strategic objectives of Place, Connectivity, Economy, Activation and Promotion.

The Delivery Plan and MD2338 which approved it set out a clear plan for investment across the Royal Docks to support the redevelopment of the Enterprise Zone and help transform the Royal Docks. This Director's Decision (DD) provides more detail for projects under the Place, Economy and Connectivity themes in the Delivery Plan and requests approval of the detailed expenditure proposals amounting to up to a maximum of £5.29m (within the envelope approved under MD2338) of which £4.25m was endorsed by the Enterprise Zone Programme Board on 5<sup>th</sup> December 2018 and £1.04m was endorsed by the Royal Docks Officer Level Programme Board on 10<sup>th</sup> December 2018. This expenditure will be subject to procurement of services via existing panels and frameworks. The expenditure will enable the following projects to proceed:

- Production of Place Strategy
- Detailed preparation for Power Reinforcement investment
- Production of a Digital Connectivity Plan
- Detailed preparation for Workspace investment
- Detailed design for the North Woolwich Road investment
- Detailed design and management of DLR improvements

#### Decision:

The Executive Director of Housing and Land approves up to a maximum £5.29m subject to procurement of the individual work packages.

#### 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

**Position:** Executive Director Housing and Land

**Signature:**



**Date:**

31/01/19

## PART I - NON-CONFIDENTIAL FACTS AND ADVICE

### Decision required – supporting report

#### 1. Introduction and background

- 1.1 MD2338 approved expenditure of up to £212.5m for the Royal Docks EZ Delivery Plan to deliver an integrated and catalytic package of transport infrastructure, connectivity, economic development, placemaking, estate management and creative programming projects that will deliver the cohesive transformation of the Royal Docks and accelerate the delivery of EZ commercial space. This consists of a £155m capital and £57.5m revenue split to fund projects for the five-year delivery period from 2018/19 to 2022/23.
- 1.2 The full Delivery Plan foresees investment totalling £314m with further approvals required from LEAP in 2019 to move from £212.5m to £314m. The fees proposed in this DD will help to support the work to make the case for that additional investment. Of that £314m, the Place Theme totals £111.4m; Connectivity £103.8m; and Economy £56.2m.
- 1.3 A spatial framework underpins the Delivery Plan strategy and ensures the Delivery Team concentrates investment in the areas that will deliver maximum long-term value for the EZ and wider area. This includes:
- 1.4 *Unlocking Development:* A priority for the Delivery Team will be to enable the successful delivery of the key development sites across the EZ. The sites at Royal Albert Dock, Albert Island and Silvertown Quays represent considerable private sector investment in the Royal Docks (delivering investment of £5bn through 7m square feet of commercial floor space) and will need to be supported by a co-ordinated and comprehensive package of public investment in promotion, placemaking, transport infrastructure and activation to help bring them to life.
- 1.5 *Maximising Key Gateways:* Another priority for the Delivery Team will be to capitalise on the unique circumstances and assets that we have in the Royal Docks to drive transformation. Three strategically important locations at Custom House Interchange (Elizabeth Line), London City Airport and Royal Victoria Dock have been identified as important gateways to the Royal Docks. These will be a priority for intervention within the Delivery Plan period with investment focussed on enhancing the overall environment, offer and user experience.
- 1.6 *Connecting Corridors and Communities:* Whilst the Royal Docks is well served in terms of transport infrastructure with excellent road, rail and air links – the public realm offers very poor permeability (in terms of walking and cycling) across the different sites in the Royal Docks. Significant investment is required to ensure proper linkages and safe and attractive routes between these areas as well as enabling effective integration between existing and emerging communities. Three priority corridors have been identified for investment and improvement within the Delivery Plan period. These are Custom House to North Woolwich Road, Northern Dock Edge and North Woolwich Road to Canning Town.
- 1.7 In addition to the spatial framework, five cross-cutting strategic objectives have been identified, to help drive and deliver the Royal Docks cohesive transformation and ensure it remains a place delivering long-term economic and social value. Outlined below are the key interventions that will be delivered through the five-year Delivery Plan:
  - Place: Transforming the Royal Docks into a modern ‘Great Estate’ for London; by creating a platform for growth, investment and activation. Investing in spaces for people and improving the public realm in a way that reflects the area’s unique landscape and heritage;

- **Connectivity:** Boosting capacity and connectivity to support movement to and through the Royal Docks, making it one of the most accessible places in London to do business and get around as well as providing improved digital connectivity.
- **Economy:** Supporting the growth of a fully diverse and competitive economy and strengthening the area's reputation as an international centre for innovation, enterprise and trade;
- **Activation:** Establishing the Royal Docks as an outstanding place to live, work and visit; by nurturing local creative talent; enhancing cultural facilities and curating a world-class programme of events and activations to help put the area on the map; and
- **Promotion:** Helping to re-establish the Royal Docks as a globally significant London centre – utilising distinctive marketing campaigns and inward investment to draw businesses, people and visitors into the area.

## 2. Objectives and expected outcomes

2.1 The Delivery Plan sets out a number of projects across the Place and Connectivity themes on which progress is required in 2019 to achieve the step-change in the Enterprise Zone that the Delivery Plan aspires to. This DD sets out a request for a total of up to £5,290,000 in projects from the Delivery Plan as set out below. The split of the total between these packages is in Part 2 to ensure that the Royal Docks Team is able to undertake the procurement and secure best value for money without bidders being aware of the budget available.

### 2.2 Production of the Place Strategy

The Delivery Plan anticipates significant investment to radically upgrade the public realm across the Royal Docks. This recognises the impact of the current poor state of public spaces in the Enterprise Zone and the surrounding area as well as the beneficial impact on residents and businesses to improving the public realm. Work has already begun to improve the estate, through the 2018/19 Early Works investment but the Place Strategy will set out the more strategic projects to knit the estate together and make transformational change. By providing high quality spaces and clear legible routes around the Royal Docks, the area will be more inviting for business to locate, for residents to live and for people to visit.

The approval of this major investment is subject to further LEAP Board and Mayoral approval (as set out in MD2338). To ensure that the long-term investment is proportionate, appropriate and that it delivers value for money it is essential to undertake work to produce a strategy that identifies the right places to put our investment, the nature of the intervention and the impact it will have.

This business case development will take some months and it will require the procurement of various skills sets including landscape design, consultation, planning, cost consultancy and economic assessment. It will need to be aligned with the outline masterplans, placemaking and estates strategies for the various development sites around the Royal Docks and it will be critical to engage with the local community, businesses, leaseholders and developers. The work will also need to align with and provide a functional platform for the wider cultural and events offer in the Royal Docks and understand the impact of other parts of the Delivery Plan.

In addition, the investment proposed will also support two other elements. Firstly, to support our commitment to professional development we will also fund a Public Practice Associate in the Royal Docks Team for 2019 (<http://www.publicpractice.org.uk/>). Secondly, the Royal Docks Team will make a contribution of £50,000 towards the costs of the preparation, consultation, publication and adoption of the Royal Docks and Beckton Opportunity Area Planning Framework (OAPF), which will provide additional planning policy certainty to sites in and around the Enterprise Zone.

To fund the production of the Place Strategy this DD seeks approval for investment in consultancy fees and other associated costs in line with the Delivery Plan. The services required will be subject to procurement via GLA/TfL Frameworks. The costs will come from the Place Theme in the Delivery Plan and will cover:

- Procurement of specialist consultant teams to produce the Place Strategy.
- Fund the post of a Public Practice Associate in the Royal Docks Team for 2019
- Fund the Royal Docks Team contribution to the costs of the Royal Docks and Beckton OAPF.

### 2.3 Detailed preparation for Power Reinforcement investment

The Royal Docks will see considerable development and investment over the next decade. Existing work has identified that there is insufficient capacity in the local electricity network to accommodate this growth and that major reinforcement work is necessary. There is also the opportunity to free up more development land by undergrounding cables and to reduce the carbon impact by exploring decentralised energy sources and heat networks.

In relation to undergrounding cables and decentralised energy sources, the Royal Docks Team will work with local stakeholders, LB Newham and statutory providers to explore the options for coordination and potential investment to unlock growth and reduce environmental impact. This will require some consultancy support to explore feasibility and establish business cases for investment.

In relation to electricity reinforcement, the Royal Docks Team has already undertaken work with the support of AECOM, UKPN and the regulator to identify future need. This shows that reinforcement is required to ensure that development is not held up by either a lack of power or disproportionate costs of providing reinforcement.

The proposed solution, as set out in the Delivery Plan, is to invest ahead of need and provide a new primary sub-station in the Royal Docks and then seek to recover that expenditure on a proportionate basis from developers as demand comes forward. This approach has been taken elsewhere in the country and the Delivery Plan allocates a significant capital sum to pay for the sub-station. Ahead of the full approval for that capital investment it is necessary to undertake the detailed design, engineering preparations and agreements with UKPN relating to the reinforcement.

The Royal Docks Team are seeking approval to procure specialist support to undertake detailed design, legal negotiation, works procurement, planning and other consents and any other necessary support and advice to present a refined capital cost for further approval. The services required will be subject to procurement via GLA/TfL Frameworks. The costs will come from the Connectivity Theme in the Delivery Plan and will cover:

- Procurement of specialist consultant teams to undertake the detailed preparation for the Power Reinforcement investment.
- Procurement of specialist consultants to advise on the feasibility and business case for investment in decentralised power and cable undergrounding.

### 2.4 Production of a Digital Connectivity Plan

The Enterprise Zone needs to provide the best possible digital connectivity to attract and retain businesses. The redevelopment of the sites across the Royal Docks will increase the demand for digital services and this will require significant improvement in the current infrastructure and coverage. Much of the investment in that new capacity could and should come from the private sector but it is important that there is a clear focus on improving the network and being able to demonstrate and evidence the case for investment.

The Delivery Plan identified the need to audit and improve the digital capacity of the Royal Docks and to make it 5G ready to support the expansion in businesses and residents over the next twenty-five years and the increase in demand for digital connectivity that it will bring. To understand the current position, the options for expansion and the changes in technology it is necessary to procure a specialist consultancy to undertake a review of existing provision and make recommendations for steps to improve the service level. This will also involve legal and technical advice. The services required will be subject to procurement via GLA/TfL Frameworks. The costs will come from the Connectivity Theme in the Delivery Plan and will cover:

- Procurement of specialist consultant teams to produce a Digital Connectivity Plan

## 2.5 Detailed preparation for Workspace investment

The Royal Docks has a range of successful businesses and employers and this will increase in the years ahead. However, currently the availability of suitable and affordable accommodation for SMEs is limited and needs to grow. The Delivery Plan allocates a total of £20m for investment in conversion of the Silvertown Way flyover into workspace and the acquisition of other properties to support SME workspace. The Delivery Plan also highlights the need for a plan of how to invest that money best, the wider SME workspace environment and what the options are for long-term management and ownership of SME workspace in the Royal Docks.

The Delivery Plan highlights the need for an investment plan that considers value for money and potential revenue generation, understanding the wider SME workspace environment and opportunities for network creation within surrounding developments; and exploring options for long-term management and ownership of SME workspace in the Royal Docks. This will involve work with the GLA Culture Team on the role of the Creative Land Trust.

The investment of £20m from the Delivery Plan requires consideration and planning before approval is sought for major capital investment. It is essential that this is backed up by a plan for the longer-term position, creating a sustainable environment for SMEs while ensuring returns on investment. It is also critical to secure commercial advice to back-up any business case for that investment and this will be procured from the GLA/TfL Frameworks. The costs will come from the Economy Theme in the Delivery Plan and will cover:

- Procurement of specialist consultant teams to advise on the commercial approach to workspace in the Royal Docks, acquisition and refurbishment opportunities and the preparation of the business case and detailed design of the Silvertown Way fly-under refurbishment.

## 2.6 Detailed design of the North Woolwich Road investment

The North Woolwich Road corridor is a critical connection through the southern part of the Royal Docks and it supports a number of existing important residential and business communities. To support further development of sites along the road for new employment and residential uses the space need to be improved to make sure it reflects the Mayor's Transport Strategy and can provide safe and efficient multi-modal access to the southern half of the Royal Docks.

The work will involve procurement of specialist consultants to undertake all elements of the project development including but not limited to detailed landscape design, highways engineering, consultation and a planning application. To ensure appropriate coordination, the budget will also fund the partial secondment of a member of the LB Newham highways team into the Royal Docks Team to help manage the project. Other consultancy services will be subject to procurement via GLA/TfL/LB Newham Frameworks. The costs will come from the Connectivity Theme in the Delivery Plan and will cover:

- Procurement of specialist consultant teams to undertake the detailed design of the North Woolwich Road investment.

## 2.7 Detailed design and management of DLR improvements

The Royal Docks is well served by two branches of the Docklands Light Railway (DLR) with services running to Beckton via Excel and to Woolwich Arsenal via London City Airport. Alongside major TfL investment in rolling stock, the Delivery Plan identified the need to forward fund upgrades to stations in the Royal Docks to improve capacity and the passenger experience. These six station projects will support the growth in demand for DLR services across the Enterprise Zone.

To ensure that the investment is made in the upgrades it is necessary to undertake detailed design and for a dedicated project manager to work in TfL to coordinate the work and engage with stakeholders around the Royal Docks. TfL will procure the relevant consultant support in line with their usual practices relating to DLR. So far as these costs are due to be recovered from development partners under existing planning agreement, they will be recovered. The Royal Docks Team will work with development partners, TfL and LB Newham to adjust S156/S106 Agreements, as necessary, to ensure that all appropriate contributions are sought and refunded in due course. The costs will come from the Connectivity Theme in the Delivery Plan and will cover:

- TfL's costs for the detailed design of the station improvements.
- TfL's staff costs for a dedicated post for the TfL investment in the Royal Docks.

## 2.8 Procurement

The Royal Docks Team has been preparing the scopes of consultancy services needed for these different workstreams. They are at different stages of development and to maximise the pace of work and to avoid sequential approval and procurement processes some of the procurement has already begun in parallel with this approval process.

## 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. 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.
- 3.2 Throughout the decision-making process relating to the approvals sought in this paper to facilitate The Delivery Plan, due regard has been had to the 'three needs' outlined above.
- 3.3 The housing shortage in London disproportionately negatively affects people with certain protected characteristics. Increasing the supply of housing, and in particular affordable housing will help to achieve positive impacts in line with the 'three needs'.
- 3.4 The projects falling within the Delivery Plan aim at implementing a number of the Mayor's policies such as the London Plan, A City for All Londoners, Healthy Streets Approach, draft Culture Strategy, London Housing Strategy, and Transport Strategy and is aligned with the Mayor's Equalities Framework to consider the requirements of relevant equalities groups.



#### 4. Financial comments

- 4.1 This decision requests approval for capital expenditure of up to £3.75m, £50,000 in 2018-19 and £3.25 m in 2019-20 and revenue expenditure of up to £1.54m, £1.38m in 2019-20 and £160,000 in 2020-21 for projects under the Place, Economy and Connectivity themes in the Delivery Plan (proposed packages and financial values listed in Part 2 of the DD).
- 4.2 The above expenditure will be funded from the Royal Docks Enterprise Zone (EZ) Delivery Plan where expenditure of up to £212.5m was approved in MD2338.
- 4.3 MD2338 noted that £101.8m of additional capital expenditure would sought in autumn 2019 following feasibility studies and in light of estimated resources over the life of the EZ. The proposals in this decision include that feasibility work. However, it should be noted that it is currently estimated that if all projects were to be taken forward, additional capital expenditure would be required over and above the £101.8m noted in MD2338. This would also require the GLA to commit to providing further forward funding from borrowing (in the absence of any other source) and at this stage there is insufficient confidence in the level of resources estimated to be available to finance such borrowing, although this would be re-assessed at the time.

#### 5. Legal comments

- 5.1 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; and
  - 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; and
  - Consult with appropriate bodies.
- 5.2 Sections 1 and 2 of this report indicate that the Executive Director of Housing and Land has the power to proceed to make the decisions as requested within this report.

#### 6. Planned delivery approach and next steps

Activity	Timeline
Projects endorsed by Royal Docks Enterprise Zone Programme Board	5 <sup>th</sup> December 2018
Projects endorsed by the Royal Docks Officer Level Programme Board	19 <sup>th</sup> December 2018
DD approved by GLA Executive Director for Housing & Land	January 2019
Consultant appointments	From January
Reporting	Mid 2019
Capital investment decisions	Late 2019

**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**

**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:**

Paul Creed 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.

✓

**Corporate Investment Board:**

The Corporate Investment Board reviewed this proposal on 21 January 2019

**EXECUTIVE DIRECTOR, RESOURCES:**

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

**Signature**

*M. D. Allen*

**Date**

*21.1.19*