

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2073

Title: ExCel Centre (Plots WE4A, WE4B and WE5B)

Executive Summary:

GLA Land & Property Ltd (GLAP) is the freeholder of the land that comprises the ExCel Estate. London International Exhibition Centre (LIEC) has a 200 year lease (from 2001) on this land from GLAP. Under the terms of the lease GLAP is entitled to payments where there is development and/or a disposal by LIEC of parcels of land falling within the lease.

Following a variation to the lease by the former London Development Agency in 2008, the terms of the lease to LIEC became unclear, particularly those relating to the calculation of payments to GLAP on a proposed development/disposal by LIEC. This has led to GLAP and LIEC being unable to agree what the appropriate payments to GLAP are due on a number of proposed developments.

LIEC are part of a joint venture with Mount Anvil to develop a number of plots for residential schemes within the lease (specifically plots WE4A, WE4B and WE5B) to which GLAP's consent is required under the terms of LIEC's long term lease.

In order to help bring forward much needed provision of additional housing negotiations with LIEC have taken place and an agreement reached on an appropriate level of capital receipt payable to GLAP for the development of Plots WE4A WE4B and WE5B, outside of the terms of the lease. The heads of terms will be detailed in legal agreements binding the parties to the arrangements.

The development of plot WE5B is more advanced than the other two sites, with a planning permission for a residential scheme having already been granted by LB Newham subject to a s.106 Agreement being entered into. As freeholder of the land GLAP is required to enter into an agreement in relation to Plot WE5B. Given the level of the potential liability placed on the GLA under the s.106 (due to LB Newham requiring GLAP to be joint and severally liable for the financial obligations under the s.106), a Deed of Indemnity with the developer (Mount Anvil) has been agreed to protect GLAP's position.

Decision:

That the Mayor:

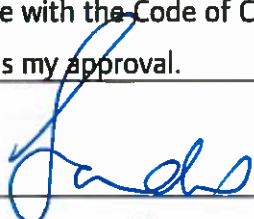
- Approves GLA Land and Property Ltd entering into agreements with LIEC and Mount Anvil on the development of Plots WE4A, WE4B and WE5B substantially on the terms detailed in this paper
- Approves GLA Land and Property Ltd entering into a section 106 agreement, pursuant to section 106 of the Town and Country Planning Act 1990 in relation to plot WE5B of the ExCel Estate on the terms outlined in this paper; and
- Approves GLA Land and Property Ltd entering into a Deed of Indemnity upon the terms set out within this paper in relation to plot WE5B of the ExCel Estate.

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:

10/2/12

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

Decision required – supporting report

1. Introduction and background

- 1.1 LIEC have a lease of 200 years in respect of c34 hectares of land (the ExCel Estate) in the Royal Docks, for which GLAP is the freeholder.
- 1.2 The ExCel Estate comprises a large, purpose built exhibition/conference centre with associated residential, retail, hotel and other uses as well as additional plots of development land.
- 1.3 The lease was restructured in 2008 when the former London Development Agency retained the freehold, resulting in significant ambiguities in the document that undermine the ability for GLAP and LIEC to agree on an interpretation of the provisions within the documents relating to levels of compensation payable to GLA as a result of LIEC seeking to build out the remaining development plots. Both parties have professional advisors exploring the position.
- 1.4 In the interim, LIEC have approached GLAP regarding their joint venture with Mount Anvil which is intending to bring forward a housing-led scheme on the existing car park facilities known as plots WE4A, WE4B and WE5B. These sites are likely to trigger payments to GLAP (WE4A and WE4B more so than WE5B) but neither of the parties' advisors are able to agree on a suitable interpretation of the documents.
- 1.5 The GLA is supportive of the proposed development of these plots, subject to securing appropriate compensation for GLAP's assets.
- 1.6 In order to circumvent the lease terms and progress development GLAP and LIEC have agreed to levels of compensation payable in relation to sites WE4A, WE4B and WE5B on a "without prejudice" basis. This would ensure that any agreement reached would not be binding on the remaining development plots not affected by this proposal.
- 1.7 After extensive negotiations, agreement has been reached whereby GLAP is able to support the proposed development and in addition to around 1000 new homes being built across the three plots, with planning-compliant levels of affordable housing, GLAP will receive a suitable capital receipt. Details of the agreement are contained in the confidential Part 2.
- 1.8 Plot WE5B has recently received planning consent. The project is for a single tower block providing 105 residential units (58 x 1 bed, 31 x 2 bed and 16 x 3 bed) and 172 sqm of flexible commercial space. There will be a new landscaped amenity area, which coupled with landscaping enhancements, will provide for integration with the existing residential developments. As freeholder, the GLA is required by LB Newham to enter into an s106 agreement on a joint and several basis with the Mount Anvil and LIEC. The consequences of which is that in certain circumstances, GLAP could be required to pay financial obligations of the developer under the s.106.
- 1.9 In order to ensure the GLA's exposure under the s106 agreement is mitigated, an indemnity will be given by the developer (in this case Mount Anvil (Jersey) Ltd) to cover any costs GLAP is asked to pay.

2. Objectives and expected outcomes

- 2.1 This proposal for WE4A and WE4B will facilitate the delivery of 839 new homes for Londoners, of which at least 35% will be affordable. While 35% is the baseline case and reflects the planning policy

of LB Newham, the GLA will work to increase this to 50% by the inclusion of Affordable Housing Grant.

2.2 The proposed development of these plots compliments the wider activity being undertaken to regenerate the Royal Docks and in addition to the new homes provided, supporting commercial floor space will provide additional facilities for those currently living in the area.

2.3 The GLA will receive a substantial capital receipt.

3. Equality comments

Equality considerations will be reviewed as part of the statutory planning process.

4. Other considerations

4.1 Risks and Issues:

Risk/Issue	Mitigation
That the planning application in respect of WE4A/WE4B doesn't follow the basis of the agreement	GLA officers will work closely with the JV to ensure that the planning application is in line with GLA expectations
That the scheme as proposed does not go ahead due to viability issues	The agreement sets out minimum parameters and any changes below these would entail further discussion with the GLA
That changes to the level of affordable housing are proposed which would be unacceptable to the GLA	GLA officers will work closely with the JV to ensure that the planning application is in line with GLA expectations
That the scheme is delayed resulting in an extended period before capital receipts are received	GLA officers will be monitoring the situation and will be aware of any changes to the indicative programme. There are various "long stop" dates within the agreement
Under the s106 Agreement relating to WE5B, there is a situation where the GLA (as freeholder) could become liable for an additional payment if other parties default	GLAP will obtain an indemnity from the developers to cover the obligations

4.2 The Mayor's first priority is tackling London's housing crisis. His manifesto sets a clear vision to deliver thousands more new homes, including through a rigorous focus on developing public land. This involves a range of long-term actions, of which this transaction is one, working in partnership with many other organisations.

4.3 As part of the planning process, the JV will be undertaking extensive impact assessment and stakeholder consultation. This will follow on from the recent planning permission received in respect of Plot WE5B.

5. Financial comments

See part 2 for Finance comments.

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; 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.

6.2 Sections 1 and 2 of this report indicate that the Mayor has the power to proceed as recommended in this paper.

7. Planned delivery approach and next steps

Activity	Timeline
Enter into s106 Agreement and Deed of Indemnity	February 2017
Document agreement enabling development of Plots 4A and 4B	February 2017

Appendices and supporting papers: None

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:

Malcolm Beadle has drafted this report in accordance with GLA procedures and confirms the following:

✓

Sponsoring Director:

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

✓

Mayoral Adviser:

James Murray 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 the 06.02.2017

✓

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

M. D. Beadle

Date

7.2.17

CHIEF OF STAFF:

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

Signature

D. Bellamy

Date

6/2/2017

