

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2778

Stephenson Street Revenue Expenditure

Executive Summary:

Through MD1626, the Mayor appointed Berkeley Homes (South East London) Limited (BHSEL) as the preferred development partner for GLA Land and Property Limited's (GLAP) land at Stephenson Street in West Ham following a competitive procurement via the London Development Panel. The development agreement was signed in 2016 and BHSEL secured planning consent for 3,838 new homes in 2018. BHSEL started on site on autumn 2020 and will deliver the new homes across 4 phases by 2032.

This decision form asks the Mayor to approve additional expenditure of £250,000 to cover GLAP's legal and consultancy costs for the next five years in managing the development agreement. This will take the approved revenue budget to £920,700.

Decision:

That the Mayor approves expenditure of £250,000 for legal and consultancy costs required in the ongoing management of the development agreement, for the next five years.

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:

8/3/21

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

Decision required – supporting report

1. Introduction and background

- 1.1. Stephenson Street is a 10-hectare vacant brownfield site directly to the west of West Ham station. GLAP appointed BHSEL as its preferred development partner for the site following a competitive procurement process in 2016.
- 1.2. BHSEL has since secured hybrid planning consent for 3,838 new homes, comprising a mix of affordable, private rented and private sale accommodation. The scheme will also deliver a new science school as well as a range of retail, leisure and community uses.
- 1.3. Significant new bridge infrastructure will support the scheme, connecting it to West Ham station and the neighbouring community to the east. Berkeley commenced construction of phase 1 in 2020 and will begin to prepare the reserved matters application for phase 2 later this year.
- 1.4. The project has an approved revenue budget of £670,700 under the following approvals:
 - 2013, ADD75: £20,000 – site investigations;
 - 2013, ADD113: £15,000 – valuation advice;
 - 2014, ADD159: £5,700 – site investigations prior to procurement;
 - 2014, DD1219: £80,000 – commercial and legal advice and site investigation work in the procurement of a development partner for the site;
 - 2016, MD1645: £330,000 – technical due diligence and legal expenditure; and
 - 2018, MD2276: £220,000 – legal expenditure in relation to planning, bridge and school agreements.

2. Objectives and expected outcomes

- 2.1. From a development management perspective, this is a highly complex project involving multiple stakeholders. It has required, and will continue to require, significant input from GLAP to negotiate and manage the development agreement and the suite of legal agreements governing the delivery of the project. To support this, GLAP will require additional external legal and consultancy advice across the duration of the project in activities such as:
 - agreeing/fine-tuning terms and granting of future phase building leases;
 - reviewing and entering ancillary project agreements such as s104 agreements, leases, transfers and wayleaves for statutory undertakers;
 - agreeing terms and granting licenses to access future phases for enabling works; and
 - design review of future phases as plans emerge.
- 2.2. This decision seeks £250,000 of revenue expenditure from the Land & Property Budget to obtain this advice over the next five years (2021/22, 2022/23, 2023/24, 2024/25 and 2025/26). It is not possible to provide an exact profile for this expenditure but spend of £50,000 per annum is anticipated in managing the development agreement and undertaking the activities above.
- 2.3. GLAP has a retained legal advisor on the project and their fee costs are kept under review by TfL Legal. Any consultancy advice will be procured competitively following GLA's procurement and governance procedures including the Contracts and Funding Code.

3. Equality comments

- 3.1. Under section 149 of the Equality Act 2010 (the "Equality Act"), as a public authority, the GLA must have 'due regard' to the need to eliminate unlawful discrimination, harassment and victimisation, and to advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not. Protected characteristics under the Equality Act comprise age, disability, gender re-assignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation and marriage or civil partnership status.
- 3.2. The purpose of this project is to ensure that the amount of housing, particularly affordable housing, is maximised through the disposal of the site and that the certainty of housing delivery is assured through the development agreement.
- 3.3. This will help to reduce disadvantages to all groups in society, including those with protected characteristics, by increasing affordable housing supply. This means more people will be able to access good quality affordable homes. This decision is therefore not expected to have a negative impact on people with a protected characteristic under the Equality Act.

4. Other considerations

Key risks and issues

- 4.1. GLAP requires ongoing external legal and consultancy advice in the activities outlined at 2.1 above. Proceeding without external professional advice would leave GLAP in a less favourable position in negotiations with stakeholders and potentially exposed to significant legal and/or commercial risks.

Links to Mayoral strategies and priorities

- 4.2. The Publication London Plan (Policy H1) promotes the increase of supply of housing in general and affordable housing. This project will regenerate a vacant commercial site and deliver a significant number of new homes, including 40% affordable housing.

Declarations of interests

- 4.3. There are no conflicts of interest to declare for those involved in the drafting or clearance of the form.

5. Financial comments

- 5.1. This decision requests approval for revenue expenditure of up to £250,000 for legal and consultancy costs required in the ongoing management of the development agreement, for the next five years.
- 5.2. The above expenditure will be funded from the GLAP Land and Property budget with an expected spend of £50,000 per annum.
- 5.3. Funding in future years will be subject to the annual budget setting process.

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 principle purposes of the GLA as set out in section 30(2) which are:
 - promoting economic development and wealth creation in Greater London;
 - promoting social development in Greater London; and
 - promoting the improvement of the environment in Greater London.
- 6.2. 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.

6.3. Sections 1 and 2 of this Mayoral decision form indicate that the Mayor has the power to agree to the decision set out above.

7. Planned delivery approach and next steps

7.1. The next project milestones are as follows:

Activity	Timeline
Phase 2 start on site	2023/24
Phase 1 completion	2024/25
Phase 3 start on site	2025/26
Phase 2 completion	2027/28
Phase 4 start on site	2027/28
Phase 3 completion	2029/30
Phase 4 completion	2031/32

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

Until what date: (a date is required if deferring)

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:

Lauren Noble has drafted this report in accordance with GLA procedures and confirms the following:

✓

Sponsoring Director:

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

✓

Mayoral Adviser:

Tom Copley 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 1 March 2021.

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

Date

D. Gene

1 March 2021

CHIEF OF STAFF:

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

Signature

Date

D. Bellamy

1 March 2021

