

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2280

Silvertown Quays

Executive Summary:

Silvertown Quays (SQ) is a major GLAP site in the Royal Docks Enterprise Zone. It is a 50-acre brownfield site with potential for a significant mixed-use project of commercial and residential development.

Following a procurement for a development partner for a mixed use development at SQ, GLAP entered into the Master Development Agreement ("MDA") with the Silvertown Partnership ("TSP") in June 2013, whose members were Chelsfield Properties Ltd ("CPL") First Base Ltd ("FBL") and BREPS as guarantor.

As part of a funding package for the SQ scheme it is proposed that a joint venture between Starwood Real Estate ("SW") and Lend Lease ("LL") (the "JV") acquires an interest in CPL as part of a corporate restructure of TSP.

Changes are being proposed to be made to the MDA to reflect the JV's acquisition of shares in CPL and therefore TSP in addition to some other alterations to the MDA, as detailed in this paper, none of which are material.

Decision:

The Mayor approves GLA Land and Property Ltd entering into a deed of variation to the Master Development Agreement between GLA Land and Property Limited (1), the Silvertown Partnership (2) and BREPS (3) dated 7 June 2013 and any other ancillary documentation necessary to facilitate the changes outlined in this paper.

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:

30/5/18

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

Decision required – supporting report

1. Introduction and background

- 1.1 GLA Land and Property Ltd (GLAP) entered into a Master Development Agreement (MDA) with The Silvertown Partnership (TSP) on 7 June 2013 to deliver a mixed-use development on the Silvertown Quays (SQ) site, within the Royal Docks. This followed an OJEU compliant bidding process commenced by the former London Development Agency and concluded by the previous Mayor.
- 1.2 The draft outline planning application for the SQ Scheme was approved by GLAP in July 2014 and the borough's decision to grant outline planning permission was allowed by the GLA under the previous Mayor in December 2015. TSP is now required to proceed with reserved matters to obtain detailed planning permission for Phase 1 before being able to progress.
- 1.3 To achieve phase 1 detailed planning and to proceed with phase 1 development, significant funding is required. TSP has now agreed terms with the JV to provide finance to TSP. In addition, the JV will acquire the shares of CPL and FBL. TSP will remain in place as the developer and some non-material changes to the MDA will be made to reflect the change in shareholders in TSP.
- 1.4 Although no material changes are being made to the MDA and TSP remains in place, the new shareholdings could be viewed as a corporate restructure of TSP as they will be able to draw upon the robust technical and financial capabilities of Lend Lease's significant experience of delivering large scale development and sourcing funding for such schemes. The JV will provide an alternative guarantor to TSP, replacing BREPS.

2. Objectives and expected outcomes

Next Steps following the transaction

- 2.1 TSP intends to proceed with obtaining detailed planning permission for Phase 1 and to develop Phase 1 which includes the delivery of 850 homes and c500,000 sqf of commercial space, meeting all "minimum requirements" for Phase 1, as required under the MDA.
- 2.2 As anticipated by the MDA, TSP will proceed to develop the remainder of the SQ site over a period of phases during the next 10-15 years. Using the existing provisions in the MDA, TSP will provide updated business plans for approval by GLAP and as such, the GLA will remain in close partnership with and have influence over TSP during the lifetime of the project. TSP will be required to meet all minimum requirements set in the MDA and will seek to maximise opportunities across the SQ site. As part of a funding package for the SQ scheme it is proposed that the JV acquires an interest in CPL

Development Management

- 2.3 Lend Lease is proposing to perform the Development Management role for Phase 1. The terms of the Development Management role (and costings for the role) will remain unchanged from those in the MDA.
- 2.4 The GLA has carried out a review of the JV with its external advisors and are satisfied that they have the appropriate experience and access to funds to deliver Phase 1 of the approved scheme.

Milestones

- 2.5 TSP has requested some extensions to the relevant milestones going forward so that once the transaction has been affected the required timetable set out in the MDA will be updated to reflect the passage of time and that the relevant target dates accord with the latest programme for the scheme. As provided for under the MDA, GLAP is able to agree to such extensions to milestone dates, in its absolute discretion. The proposed revised dates that are recommended for approval below have been tested rigorously and are considered reasonable and are as detailed below in table 1. Other milestone dates in the MDA will remain unchanged.

- 2.6 To give GLAP additional comfort that TSP will progress the scheme at pace, GLAP has secured additional milestones for the submission of all of the Phase 1 Reserved Matters Applications and the interim (i.e. stage) completion of Phase 1. The proposed milestones are detailed below in table 1.
- 2.7 It should be noted that an extension of the Long Stop Date for any of the Milestone Events is only allowable if there is a 'Delay Event' as defined in the MDA.

Table 1:

Milestone Event	Milestone	Date
Submission of Phase 1 Reserved Matters	Target Date	31.03.2019
	Longstop Date	30.09.2019
	Drop Dead Date	31.03.2020
Planning Unconditional	Target Date	31.12.2019
	Longstop Date	30.06.2020
	Drop Dead Date	30.06.2021
Date of Permitted Entry (Phase 1)	Target Date	26.10.2020
	Longstop Date	26.08.2021
	Drop Dead Date	26.08.2022
Phase 1 Interim Completion	Target Date	30.09.2023
	Longstop Date	30.09.2024
	Drop Dead Date	30.09.2025
Phase 1 Completion	Target Date	30.10.2024
	Longstop Date	30.10.2026
	Drop Dead Date	30.10.2027

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 this significant development moving forward to delivery, due regard has been had to the 'three needs' outlined above. 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'.

- 3.3 The proposed changes to the project are expected to have a positive impact on the timetable of the delivery of housing products which will generally improve access to housing across different economic and social groups.

4. Financial comments

- 4.1 Financial comments are in Part 2.

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 In exercising the power contained in section 30(1) of the GLA Act, the GLA must have regard to the matters set out in sections 30(3-5) and 33 of the GLA Act, and also the Public Sector Equality Duty in section 149 of the Equality Act 2010 as set out above in section 3.

- 5.3 Sections 1-3 of this report indicate that the decision requested of the Mayor is within the GLA's statutory powers.

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? YES**

If YES, for what reason: The transaction proposed is commercially sensitive. The Part 1 should be published alongside the VEAT notice.

Until what date: To be published alongside the VEAT notice, likely within the next 40 days.

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 the following:

✓

Sponsoring Director:

David Lunts 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 16 April 2018.

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

M. D. L. L.

Date

30.5.18

CHIEF OF STAFF:

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

Signature

D. Bellamy

Date

30/5/2018

