

# GREATER LONDON AUTHORITY

## REQUEST FOR ASSISTANT DIRECTOR DECISION – ADD2288

### Title: North Woolwich Railway Line

#### Executive Summary:

This ADD seeks approval to allocate £50,000 of Good Growth Fund development funding (DD 2181) to the North Woolwich Railway Line project (MD1651, MD2174). The North Woolwich Railway Line project was originally funded through the London Regeneration Fund (LRF) and was focussed on the former North Woolwich Station building and almost 8000sqm of disused railway track. Create London, an East London arts charity, was awarded funding through the London Regeneration Fund to refurbish the station as artist workspace and the adjacent trackland (MD1651). However, while progressing lease negotiations it became apparent that the station owners intended to sell the station building. Approval was sought to use LRF money to purchase the Station building (MD2174) but the resulting bid was unsuccessful. LRF funding has since been allocated to progress a later phase of the overall Railway Line project, a light industrial building for a social enterprise training brewery (Earth Station). Lease negotiations have progressed with the landowner, Transport for London (TfL). However, the sites proximity to the Crossrail tunnel and the additional time required to negotiate the Heads of Terms have resulted in unexpected additional legal and infrastructure protection management costs beyond the contingency within the original LRF contingency. The allocated £50,000 would cover these costs and allow Create London and TfL to complete the necessary works to enter into a works agreement and subsequent lease agreement. The allocated funding would make use of GGF development funding allocated to a project on an adjacent site, the North Woolwich SEZ (DD2222), that is no longer going ahead. There would therefore be no additional draw on the GGF Development Fund budget, as the funding had already been profiled to spend 18/19 Financial Year.

#### Decision:

That the Assistant Director of Regeneration and Economic Development approves:

The allocation of £50,000 of Good Growth Fund development funding to the North Woolwich Railway Line project to cover legal and infrastructure protection management costs related to progressing the works agreement and lease agreement for the land related to the social enterprise training brewery (Earth Station).

#### AUTHORISING ASSISTANT DIRECTOR/HEAD OF UNIT

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: Debbie Jackson

Position: Assistant Director of  
Regeneration and Economic  
Development

Signature:



Date:

22/10/18

## **PART I - NON-CONFIDENTIAL FACTS AND ADVICE**

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

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

- 1.1. The North Woolwich Railway Line project was originally funded through the London Regeneration Fund (LRF) and was focussed on the former North Woolwich Station building and almost 8000sqm of disused railway track. Create London, an East London arts charity, was awarded funding through the London Regeneration Fund to refurbish the station as artist workspace and the adjacent trackland (see MD1651).
- 1.2. While progressing lease negotiations with the then owners of the station building (House Mill Trust Ltd) it became apparent that they intended to sell the building. This put Create London's plan to refurbish the station building as artist workspace, and any associated improvements to the adjacent trackland, at risk. Approval was sought to use LRF money to help LB Newham acquire the Station building (MD2174) but the resulting bid was unsuccessful.
- 1.3. LRF funding has since been allocated to progress a later phase of the overall Railway Line project. This involves the construction of a new light industrial building for a social enterprise training brewery (Earth Station) with an associated garden space (see Appendix A). This would take place at the far western edge of the site on part of the disused trackland. The site is adjacent to a Mechanical, Electrical and Plumbing Compound for the Crossrail Tunnel. The Crossrail tunnel itself is approximately 8-13m below the surface and runs the length of the site (see appendix B). Planning permission has been secured for the development De ember 2017.
- 1.4. GLA and Create London secured a £324,000 funding contribution from Crossrail towards the construction costs of this part of the project. GLA Officers secured permission to take receipt of this money and to administer it via the existing LRF contract (MD2174).
- 1.5. Lease negotiations have progressed with the landowner, TfL, and Heads of Terms for a 20 year peppercorn lease have been agreed for the site (see Appendix C). These negotiations have involved extensive engagement with Infrastructure Protection teams at both Crossrail and TfL to ensure that all works are carried out safely and in compliance with both organisation's Infrastructure Protection guidelines. These requirements will be reflected in the works agreement and subsequent lease agreement between TfL and Create London.
- 1.6. TfL had estimated costs of £10,000 to cover legal fees to prepare the necessary lease, license and works agreements. Create London, the GLA and LB Newham, the accountable body for the LRF funding, agreed to cover these costs using LRF funding. To date around £7500 of has been spent on covering TfL's legal costs. However, the site's proximity to the Crossrail tunnel and the additional time required to negotiate the Heads of Terms that take into account both TfL and Crossrail's Infrastructure Protection requirements, have generated unforeseen additional legal and infrastructure protection management costs for TfL.
- 1.7. These additional costs will need to be met by Create London in order to be able to enter the works agreement and lease agreement. These additional costs go beyond the contingency within the original LRF allocation. The costs set out below are based on the latest information and costs supplied by TfL and Crossrail.

TfL legal fees for preparing lease and works agreement	£24,000
TfL Infrastructure Protection fees (agreeing content of works agreement & necessary works supervision)	£27,535
Remaining budget from original LRF legal fee contribution	- £2500
<b>Total</b>	<b>£49,035</b>

- 1.8. GLA Officers are therefore seeking additional funding to cover these costs and allow Create London to enter into the necessary agreements for construction work to begin.
- 1.9. As part of Round 1 of the Good Growth Fund (December 2017) £50,000 was allocated to the London Borough of Newham (LBN) to develop plans for a Social Enterprise Zone (SEZ) on an LBN owned site adjacent to the North Woolwich Railway Line. The SEZ draws heavily on the operating model established by the Earth Station brewery on the North Woolwich Railway Line. The SEZ would take the principle of the Earth Station project, providing affordable light industrial space to food and beverage manufacturers in return for commitments to hiring local staff and apprentices, and look to scale it up on the LBN site.
- 1.10. However, since allocating the SEZ development funding, LBN Officers have indicated that there is little prospect of the project being developed with the timescales of the Good Growth Fund. Given that LBN have not made a firm commitment to using that funding or further developing the SEZ project, GLA officers are of the view that this funding be reallocated to resolve the immediate issue of additional legal costs on the North Woolwich Railway Line project. This would allow for the delivery of the Earth Station project, which will act as an important proof of concept for the SEZ. Lessons learnt from the Earth Station project will be freely shared with LBN, and GLA Officers will support them to investigate other routes to develop and deliver the SEZ project.

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

- 2.1. The immediate output will be to overcome the current financial to progressing the agreements required for Create London to commence construction on the brewery building and achieve spend of the remaining LRF within the 18/19 Financial Year.
- 2.2. The longer term outcomes related to the brewery would see the delivery of 480sqm of new industrial workspace, the establishment of a brewery apprenticeship programme targeting hard to reach groups with an estimated yearly cohort of 12 apprentices, new jobs within the brewery itself, and an ongoing programme of community outreach and engagement work.

## **3. Equality comments**

- 3.1. The immediate decision to allocate money has no discernible negative impact on groups with protected characteristics. The brewery project will have a positively address issues around diversity within the brewing industry through its apprenticeship scheme and hiring policies.
- 3.2. The project partners are currently supported by officers from GLA and LB Newham to ensure development and delivery of the Project is in compliance with relevant Codes of Practice and in line with the requirements of the public sector equality duty.
- 3.3. Operational Policies: the operation of the future building and garden has been assessed in terms of accessibility to ensure the minimisation of disadvantages suffered by people who share a protected

characteristic: age, disability, gender reassignment, pregnancy and maternity, race, gender, religion or belief, sexual orientation.

- 3.4. Documents and publications: all documents to be produced have been encouraged to comply with Mayor of London branding guidelines, it being based on guidance from the Royal National Institute of Blind People. Where possible accessible formats will be available.
- 3.5. Events: all Project consultations and events have been strongly encouraged to be open to all and, where possible, partners will encourage people who share a protected characteristic to participate in any activity in which their participation is disproportionately low.
- 3.6. The tenant/operator will liaise with all sub-tenants and support recipients to ensure they share the public sector equality duty. This will be re-confirmed in the grant award arrangements to ensure delegation is clear.

#### **4. Other considerations**

- 4.1. Given the tight project budget, there continues to be a risk that cost inflation outside the immediate control of the project will make the project build unviable. GLA Officers are liaising closely with the project partners to ensure that the project remains on track and that a healthy contingency can be established through other fund raising. Create London are providing monthly written updates and meeting regularly with GLA Officers, updating on risks and issues as they become apparent and developing an agreed approach to resolving these issues.
- 4.2. While Heads of Terms have now been negotiated with TfL, there remains a risk that TfL decide not to sign the lease agreement with Create London. GLA Officers have been closely involved in the negotiations with TfL to ensure that all requirements to progress the agreements are met. GLA Officers will continue to host regular catch ups with TfL and Create London to ensure that all parties remain updated on the latest developments, and that any issues or risks are flagged early and can be resolved.

#### **5. Financial comments**

- 5.1. The proposed expenditure of up to £50,000 for this initiative will be funded from the 2018-19 Good Growth Fund Revenue budget, specifically the Development funding allocated for the programme previously approved by DD2181.

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

<b>Activity</b>	<b>Timeline</b>
Create London and TfL sign license agreement for ground investigations to take place	September 2018
Ground investigations take place	September - November
Lease agreement finalised	September - November
Design and construction method finalised in works agreement	Early December
TfL Infrastructure protection team to review and approve works agreement	Late December to mid-January
Works agreement signed / lease agreement finalised	Mid Jan 2019
Works commence on site Feb	February 2019
Works completed	October 2019

#### **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**

**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:**

Alex Marsh has drafted this report in accordance with GLA procedures and confirms the following:

**Corporate Investment Board**

This decision was agreed by the Corporate Investment Board on the 22 October 2018.

**ASSISTANT DIRECTOR OF FINANCE AND GOVERNANCE:**

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

**Signature**



**Date**

22.10.18

