

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD1372

Title: Sale of Maskell 1 and ex-Weighbridge Land in Hindmans Way, Dagenham Dock, RM9.

Executive Summary:

This report recommends to the Mayor that – following a formal tender process – the freehold of approximate 5 acres (2 hectares) of vacant industrial land at Dagenham Dock owned by GLA Land and Property Limited ('GLAP') be sold to a local business, Stolthaven Dagenham Limited, to enable them to expand their existing chemical storage facility, increase local employment opportunities and promote inward investment.

Decision:

That the Mayor approves:

- the sale by GLA Land and Property Ltd of Maskell 1 site and Ex-Weighbridge Land, both in Hindmans Way, off Choats Road, Dagenham Dock, Dagenham, Essex RM9 to Stolthaven Dagenham Limited;
- expenditure of part of the proceeds from the sale of the vacant industrial land on the future improvement (leading to the planned eventual adoption) of Hindmans Way, a private road owned by GLA Land and Property Ltd that is in need of essential repair and upgrading, and whose improvement will add value to other neighbouring land owned by GLA Land and Property Ltd that is located on the other side of Hindmans Way; and
- expenditure of £100,000, estimated as the cost of the sale, including the post-sale cost of arrangements for planning and implementing GLA Land and Property Ltd's exit strategy for Hindmans Way and a contingency sum.

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:

18.7.2014

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

Decision required – supporting report

1. Introduction and background

- 1.1 The Property – approximately 2 hectares (5 acres) of open land without hard standing or utility services – is located in Dagenham Dock, Dagenham in east London. See Appendix 1 for the Site Plan.

The Property has an open ditch running through the middle of it but no buildings. Noxious weeds are prevalent in the area. Services owned by a Third Party are present in the southern area.

The Buyer will take the Property as they find it and without environmental warranties from the Seller, GLAP.

The Property lies outside of the southern phase of the London Sustainable Industries Park (LSIP), a landmark cleantech business park in Dagenham Dock, in east London in the LB of Barking & Dagenham ('LBBD') that is being created by the Mayor.

The Property is bordered:

- to the north – by *Own Your Own* ('OYO') trading estate
 - to the south – by Stolthaven Dagenham Limited's ('Stolt') main chemical storage facility, a riverside terminal in Thunderer Road, off Hindmans Way
 - to the east – by a private, waste transfer station (now under new management following a catastrophic fire) at 75-77 Chequers Lane, and
 - to the west – by Hindmans Way (a tarred road in need of improvement, including new street lighting, highway signage and road drainage).
- 1.2 GLAP's infrastructure investment in the LSIP is creating serviced development plots for disposal within the 16 hectare Park on other vacant industrial land. The entrance to LSIP Plot 8/9 (for sale) lies directly opposite the Property.
- 1.3 The Property was originally transferred to the Greater London Authority in 2012 in two parcels: the northern land (formerly known as '*Maskell 1*') from the London Development Agency (LDA) and the southern land (formerly known as '*Ex-Railway Land*') from the London Thames Gateway Development Corporation (LTGDC). In addition a Cemex company is contracted to transfer to GLAP their Ex-Weighbridge Land, a tiny irregular and vacant plot in Hindmans Way that will be amalgamated into the Property.
- 1.4 The Local Highway Authority, LB of Barking & Dagenham ('LBBD') and the Greater London Authority ('GLA') has long recognised the need for Hindmans Way to be upgraded to 'adoptable standard', involving a new footpath (combined with a cycleway on at least one side of the road), street lighting, new underground utility services, possible repairs to an existing culvert under the road, and other associated infrastructure works.

In this regard, the Council has sought contributions from local landowners under Section 106 of the Town and Country Planning Act 1990 (as amended).

Some 'Section 106 Payments' have already been obtained or contracted.

Accordingly part of the proceeds of sale of the Property will be ring-fenced for a Section 106 Agreement contribution and will be held in an escrow account by the Buyer's solicitors.

- 1.5 The upgrading of Hindmans Way will also help realise the potential of the GLA's retained land within LSIP South (and in particular LSIP Plot 8/9).
- 1.6 Heads of Terms for the sale of the Property have been agreed following a tender towards the end of 2013. The detailed position is set out in the Reserved Paper.
- 1.7 The land is vacant and is contaminated from historical former uses (hence a genuine 'brownfield site'); it has not generated any income for GLAP.

2. Objectives and expected outcomes

- 2.1 The prime objective is the sale by GLAP of all 2.0 hectares (5.0 acres) to one Buyer due to the Property's limited site access (currently only from Hindmans Way) at Best Consideration. The sale is not contingent on planning permission or further site investigations (the Buyer having already done some of their own).
- 2.2 A more strategic objective for GLAP is to bring forward the development of land sufficient to be able to self-fund the upgrading of Hindmans Way. Discussions will take place with the Council and the Buyer re: how, when and who to upgrade the private road.
- 2.3 The sale will be a catalyst to the Buyer's plans for expanding their main terminal – see below.

Protecting and enhancing the protected wharfs on the River Thames is a policy of the London Plan and is part of national planning policy.

2.4 The Buyer

Stolthaven Terminals has a network of twenty terminals throughout the world that provide high quality storage and distribution services to customers worldwide including all of the oil majors and the leading chemical production companies. The division was set up in 1998 and has been expanding ever since in direct response to customer demand. Stolthaven Terminals acquired the former TDG terminal from Norbert Dentressangle in 2012.

Stolthaven Terminals is also a part of a larger group, Stolt-Nielsen Limited (SNL), that is described as a "leading provider of integrated transportation, storage and distribution services for bulk liquid chemicals, edible oils, acids, and other specialty liquids" through Stolthaven Terminals and its sister companies Stolt Tankers, and Stolt Tank Containers.

2.5 Intended use of the Property / Outputs

The Buyer's existing riverside terminal at Dagenham Dock is small when compared to the other bulk liquid terminals located on the Thames. Whereas the other terminals focus on servicing the importation of clean petroleum products in bulk, the Dagenham terminal specialises in the import requirements of the local manufacturing, pharmaceutical, chemical and food industries.

These industries typically import smaller parcels requiring specialist handling which cannot be accommodated in the larger terminals. To provide this storage service the Dagenham terminal needs a large number of small tanks which cannot be accommodated within the current site boundary of the terminal.

The Buyer will use the land to expand its storage capacity and to optimise the terminal's layout, enabling the terminal to generate operational efficiencies.

At least 10 to 15 full-time jobs will be generated, in addition to a number of additional positions associated with the occupier's contractors, many of which will be based on site.

3. Equality comments

- 3.1 The proposed land sale raises no equality issues that require evaluation.
- 3.2 The prospective Buyer is likely to be required to enter into a local labour agreement with the London Borough of Barking & Dagenham as part of a future Section 106 Agreement for the expansion of their terminal.

4. Other considerations

- 4.1 The principal risk is the sale not proceeding because of a change of heart by the Buyer or the Buyer seeking, possibly at the last moment, to reduce the agreed Price.
This risk is being mitigated by (i) the prior agreement on detailed Heads of Terms, (ii) a strict timetable for closing out the transaction (see below), and (iii) by reaching agreement in principle (subject to contract and Mayoral approval) of the sale documentation.
- 4.2 If the Buyer does withdraw or seeks to re-negotiate from the HoTs then GLAP is free to immediately re-open discussions with other interested parties (mentioned in the Reserved Paper) and, if necessary, remarket the Property.

5. Financial comments

- 5.1 Finance comments are included in the Part 2 confidential paper.

6. Legal comments

- 6.1 GLAP's external solicitors have prepared the sale documentation and the same firm previously carried out the due diligence when the bulk of the property (4 of the 5 acres) was originally acquired by LTGDC and assisted when the Property was subsequently transferred to GLAP in 2013.
- 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. The principal purposes, as set out in section 30(2), are:
 - a) Promoting economic development and wealth creation in Greater London;
 - b) Promoting social development in Greater London; and
 - c) Promoting the improvement of the environment in Greater London
- 2. Given the above, section 34 of the Act, which allows the Mayor to do anything which is calculated to facilitate, or is conducive or incidental to, the exercise of any of his functions (including his functions under section 30); and the Mayor's powers (under section 38 of the GLA Act) to delegate to any GLA member of staff functions of the Authority that are exercisable by him – the Mayor has power to agree to the Decisions set out above.

7. Investment & Performance Board

- 7.1 The Housing Investment Group received a paper on the 23rd January 2014 on the freehold sale of a plot of vacant industrial land in Dagenham Dock that is owned by the GLA Land and Property Limited and recommended its sale, subject to clarification on the level of, and arrangements for, financial provision to support infrastructure works adjacent to the site. This is provided in Part 2.

8. Planned delivery approach and next steps

Activity	Timeline
1. Deadline for receipt of tenders and selection of preferred Buyer	6 th Dec. 2013 (achieved)
2. Report on proposed transaction to Housing Investment Group	23 rd Jan. 2014 (achieved)
3. Finalisation of main Agreement for the sale of the Property	25 th April 2014 (achieved)
4. Mayoral approval of the sale of the Property – <i>target date</i>	16 th June 2014
5. Project completion: longstop date for upgrading of Hindmans Way	30 th June 2016

Appendices and supporting papers:

1. Site Plan.

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:

Christopher Broster has drafted this report in accordance with GLA procedures and confirms the following have been consulted on the final decision.

✓

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.

✓

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:

Richard Blakeway has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

M. J. Allen

Date

14.7.14

CHIEF OF STAFF:

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

Signature

*Approved by Sir Edward Lister
by email on 15.7.14*

Date

15.7.14