

REQUEST FOR DIRECTOR DECISION – DD1498

Title: Deed of Variation, Royal Albert Dock

Executive Summary:

- GLA Land & Property Limited (GLAP) entered a Development Agreement with ABP London Investment Ltd on 23 May 2013 for the regeneration of Royal Albert Dock. Following the grant of planning permission in December 2015, a number of amendments to the Development Agreement are required to reflect various changes to the scheme which have emerged as the scheme has evolved through the planning and design process.
- The proposed changes were set out in a verbal update to the Housing Investment Group on 8 March 2016. The proposed changes were endorsed by HIG.

Decision:

- The Executive Director of Housing and Land is asked to approve the proposed changes to the Development Agreement and enter into a Deed of Variation to document the changes, as set out in Part 1 and 2 of this document.

AUTHORISING DIRECTOR

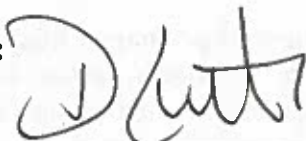
I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.

It has my approval.

Name: David Lunts

Position: Executive Director, Housing and Land

Signature:



Date:

14/04/16

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1 GLAP entered a Development Agreement with ABP London Investment Ltd (ABP) on 23 May 2013 for the regeneration of Royal Albert Dock. When complete, the site will be a new commercial hub in the east of London, supported by substantial retail, leisure and community facilities and transport infrastructure upgrades. The development is designed to attract investment from Chinese and Far Eastern companies seeking to establish a UK presence as well as London based companies seeking to relocate.
- 1.2 Since entering the agreement, GLAP and ABP have worked closely with LB Newham and TfL to work up and secure outline planning permission for the scheme as well as detailed permission for the first phase. The project has suffered substantial delays as a result of protracted negotiations on the s106 and s156 planning agreements.
- 1.3 However, hybrid permission was granted on 22nd December 2015 and consents:
 - 4.7m sqft GEA of development comprising;
 - 3.29m sqft of office space
 - 935,000 sqft of residential development (up to 845 homes)
 - 165,824 sqft of retail/leisure floorspace
- 1.4 The project has now moved into its next phase and GLAP is working closely with ABP to enable a start on site later this year.
- 1.5 As the scheme has evolved through the planning process it has varied positively from what was envisaged in the 2013 Development Agreement. Key changes include:
 - An increase in the total quantum of development from 3m sqft required in the Development Agreement to 4.7m sqft
 - The expansion of the residential element of the scheme
 - Changes to the design and configuration of phase 1
 - Changes to the phasing of development
 - The introduction of a temporary energy centre to serve the first phase of development followed by a permanent centre later in the development when it becomes viable to deliver.

2. Objectives and expected outcomes

- 2.1 Under the 2013 Development Agreement, ABP are required to submit an Annual Business Plan and a Phase Business Plan as a condition of drawdown of a phase headlease.
- 2.2 ABP have submitted their Annual Business Plan and will soon submit their Phase 1 Business Plan for GLAP's approval. Both plans will reflect the changes to the scheme outlined in section 1 above. Before GLAP is able to approve these plans, the Development Agreement must be amended to account for the changes to maintain consistency between the two.
- 2.3 As such, ABP have suggested a number of changes to bring the Development Agreement in line with the scheme as it currently stands. These changes are as follows:
 - Amendment to expand the residential element of the development to include traditional residential apartments in the scheme as well as serviced apartments (which are already permitted through the Development Agreement)

- Amendment to the phasing of the scheme
- A Temporary Energy Centre (as per the planning permission) will be delivered to serve phase 1. GLA are to grant a separate lease of the land required for the TEC at the time of the grant of the lease of Phase 1 to facilitate this
- The project dates/milestones in the Development Agreement are to be updated to reflect the delays to achieving planning permission (as is permitted in the Development Agreement). The Development Agreement longstop date remains the same.

2.4 Further detail can be found in part 2 of this paper.

2.5 Approval is sought to vary the 2013 Development Agreement to incorporate these changes and this will be done through entering into a Deed of Variation.

2.6 The amendments proposed are minor in nature and are therefore not considered to represent a material change to the 2013 Development Agreement. As expected, the scheme has evolved through the planning process and the changes are intended to bring the Development Agreement up to date. GLAP has been, and will continue to be, closely advised by its legal advisors on this scheme.

2.7 These changes were endorsed by HIG on 8 March 2016. Members were informed of proposed changes to the development agreement with APB at the Royal Albert Docks site to allow for amendments to the phasing and payment structure. There would also be a change to allow the GLA to have approval rights over appointment of the contractor. These changes were endorsed.

3. Equality comments

3.1 It is not anticipated that the recommended amendments to the Development Agreement will have a negative impact on any groups identified under the Equality Act 2010.

4. Other considerations

4.1 In terms of risk, if the Development Agreement is not amended GLAP will not be able to approve ABP's Business Plans which will prevent a start on site for a key strategic project.

5. Financial comments

5.1 See part 2 of the Decision

6. Legal comments

- i. 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: 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 - 3 of this report indicate that the decision requested of the Director falls within the GLA's (and its subsidiary GLAP's) statutory powers.

7. Planned delivery approach and next steps

Activity	Timeline
Enter Deed of Variation	April 2016
Development Agreement unconditional, grant of phase 1 headlease	Autumn 2016
Start on site	Autumn 2016

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:

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

✓

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.

✓

Financial and Legal advice:

The Finance and Legal teams have commented on this proposal, and this decision reflects their comments.

✓

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

14.4.16

