

GREATER LONDON AUTHORITY

REQUEST FOR DIRECTOR DECISION – DD2343

Title: Disposal of North Greenwich Pier

Executive Summary:

North Greenwich Pier, formerly known as the Queen Elizabeth II Pier, is a GLAP owned operational pier located on Greenwich Peninsula.

North Greenwich Pier has been identified as a non-developable/non-strategic asset and is an expensive liability for GLAP to hold and maintain. Given the high operating costs, relatively low annual returns and its non-developable/non-strategic status, it is considered prudent to dispose of the pier.

In Autumn 2018 GLAP appointed BNPP Real Estate to carry out the tender and sale of the pier. Final bids were received in December 2018. A combined bid from Knight Dragon and Thames Clippers/AEG was successful.

This request for a delegated decision is in line with Mayoral Decision 1111, which delegated certain decision-making powers in respect of development and other decisions relating to GLAP land holdings at Greenwich Peninsula. This was to provide a clear separation from the Mayor's planning decision-making powers.

Decision:

That the Executive Director, Housing & Land and the Executive Director, Resources approves:

The sale of GLAP's interest in the North Greenwich Pier at Greenwich Peninsula to Collins River Enterprises Limited (CREL) – a subsidiary of Thames Clippers.

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 & Land

Signature:



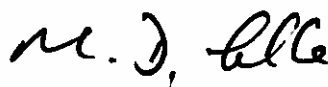
Date:

27/03/19

Name: Martin Clarke

Position: Executive Director, Resources

Signature:



Date:

27.3.19

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1 Introduction and background

- 1.1 North Greenwich Pier, formerly known as the Queen Elizabeth II Pier, is a GLAP owned operational pier on the River Thames located on the eastern side of the Greenwich Peninsula, 400 metres from The O2 Arena.
- 1.2 The pier was built in 1999 to provide river access to the New Millennium Experience Exhibition at the Millennium Dome. During 2000, over one million river boat passengers used the pier to attend the exhibition. However, the pier was closed on 31 December 2000.
- 1.3 It was later reopened by the former English Partnerships (EP) in June 2007 following the construction of the Arena and the rebranding of the facility as The O2. The pier is currently used by the Thames Clippers River Boat Service to drop off/pick up commuters living on the Peninsula or those attending The O2. Private charter vessels also use the pier to deliver passengers attending events.
- 1.4 GLAP also manages a large Antony Gormley sculpture known as the 'Quantum Cloud' which sits on the pier over the River Thames.
- 1.5 North Greenwich Pier has been identified as a non-developable/non-strategic asset and is an expensive liability for GLAP to hold and maintain.

Previous offers

- 1.6 In 2006 EP approached London River Services (LRS - a part of TfL) to discuss a transfer of the pier. Meetings were held but LRS stipulated that it would require a dowry for future capital replacement and maintenance costs. EP was not able to offer a dowry and no further progress was made with the transfer.
- 1.7 In October 2007, EP commissioned property agents Bidwells (who specialise in selling and leasing marine properties) to carry out a valuation of the pier to progress a disposal of the pier on the open market. Bidwells stated in their Valuation Report that, except for the master developer for the Peninsula (then Greenwich Peninsula Regeneration Ltd; now Knight Dragon Developments Ltd) and AEG, there were likely to be few prospective purchasers interested in taking on an asset with considerable operating costs and little opportunity to increase income until residential development accelerated on the Peninsula.
- 1.8 Bidwells refreshed the 2007 valuation in summer 2013 and reported that there is no change to the range given in the original valuation.
- 1.9 In 2008 AEG offered to take the pier under a 25 year lease agreement with an option to purchase at open market value during the lease period. Heads of Terms were agreed but AEG withdrew from negotiations citing the economic downturn.
- 1.10 In October 2012 AEG made an unsolicited offer for the pier. This offer was not accepted as it was not of a sufficient value to warrant consideration. AEG increased their offer in December 2012 but the offer was still significantly below the asset's valuation. As such, officers informed AEG that the offer would not be accepted. AEG then provided a third and final offer for the pier. The final offer was reviewed by property agent Bidwell's and the conclusion was that the overall package did not match Bidwell's' valuation.

- 1.11 In 2013, in line with the previous Mayor's Transport Strategy, the GLA identified that the pier could play a key role in helping to deliver the Mayor's ambition to intensify river usage in London. In November 2014, discussions were reopened with LRS. GLAP negotiated with LRS and agreed Heads of Terms for the transfer of the pier to them but this was abandoned as TfL pulled out of the purchase.

Current offer

- 1.12 In Autumn 2018 GLAP appointed BNPP Real Estate to carry out the tender and sale of the pier. BNPP marketed the pier to a number of special purchasers. Final bids were received in December 2018 from the Arora Hotel Group and a combined bid from Knight Dragon and Thames Clippers/AEG. The combined bid from Knight Dragon and Thames Clippers/AEG was successful. The pier will be transferred to Collins River Enterprises Limited (CREL), a subsidiary of Thames Clippers/AEG.
- 1.13 CREL have confirmed that:
- They are willing to acquire the pier without requiring an endowment or any other financial settlement;
 - It will pay an up-front consideration for the pier;
 - All operating/maintenance costs will pass over to CREL on completion;
 - The pier would be a beneficial addition to the portfolio of piers on the River Thames and that they consider that its transfer will assist in delivering the Mayor of London's objective of increasing river usage by the general public and commercial operators.
- 1.14 A TfL-employed (but GLA funded) Pier Master manages the pier. The TfL Pier Master is eligible for transfer under TUPE provisions to a future employer (i.e. CREL). This transfer has been agreed with CREL. GLAP are currently in discussions with TfL HR and the Trade Unions to ensure that all the relevant procedures are met.
- 1.15 Responsibility for the management of the Anthony Gormley Quantum Cloud Sculpture will not be transferred to CREL. The sculpture is an expensive asset to maintain and is unrelated to the provision of riverboat services. As such, CREL do not want to take over responsibility for the management of the sculpture; this responsibility will therefore remain with GLA.

2 Objectives and expected outcomes

- 2.1 One of GLAP's objectives for Greenwich Peninsula is to dispose of non-developable/non-strategic assets. Much has been achieved to this end including the adoption of most roads and street lighting by the local authority, the adoption of Boord Street Pumping Station and Peninsula drainage systems by Thames Water, the leasing or transfer of surplus buildings and the transfer of the Ecology Park and Southern Park to the Land Trust.
- 2.2 Given the high operating costs, relatively low annual returns and its non-developable/non-strategic status, it is considered prudent to dispose of the pier.

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 The public authority equality duty contained at section 149 of the Equality Act 2010 has been considered in relation to this recommendation and no specific issues have been identified as a result.
- 3.3 All of Thames Clippers' services and the North Greenwich pier itself are wheelchair and pram accessible by ramp and the majority have accessible toilets. Audio and visual information is also used across the network to provide alerts and service information. Onboard crews and pier staff are also available to offer help and assistance. Freedom Pass holders and their carers get 50% off fares and season tickets, as do 60+ Oyster pass holders.
- 3.4 These measures improve accessibility to the service for disabled and older people and those with young children and thus help towards advancing equality of opportunity through minimising disadvantages.
- 3.5 It is considered that the continued operation of the pier for the Thames Clippers services, which this proposal enables, helps the GLA to meet the parts of the equality duty relevant to this project.

4 Other considerations

Key risks and issues

- 4.1 The key risk inherent in this proposal is that CREL withdraws from the sale. This would mean the pier remains with GLAP, which would be liable for the ongoing maintenance costs.
- 4.2 This outcome is considered unlikely given that draft heads of terms were provided with the sale pack. Officers will continue to work closely with CREL and the appointed solicitors to manage the transfer through to completion.
- 4.3 There is a risk that the sale may not complete until the next financial year (2019-20). This means that GLAP/TfL Estates would need to source budget to maintain the pier until the sale completed.
- 4.4 There is also a risk that the Port of London Authority (PLA) will not grant the river works licences necessary to allow this transaction to complete. GLAP's external lawyers have engaged with the Authority on the principles of this transaction, as set out in 1.13 – 1.15 above. The risk is therefore considered to be low.

Links to Mayoral strategies and priorities

- 4.5 The proposed deal will see the pier's continued operation by Thames Clippers. Thames Clippers will work with existing operators (including Thames RIB experience) to support and improve the use of the facility. This will assist in achieving the Mayor's ambition of increasing river usage by the public.
- 4.6 This disposal will not affect the current or future service level provision at North Greenwich Pier. This has been secured through Heads of Terms and will be captured in the Agreement for Sale between the GLA and CREL. These obligations will be transferred through positive covenants on the property, ensuring the Pier remains a key piece of transport infrastructure in the future. TfL have been advised of the sale and are aware of the GLA's aim to dispose of all non-strategic assets through involvement in previous attempts to dispose of the Pier.

5 Financial comments

- 5.1 The Decision is seeking approval for the disposal of North Greenwich Pier. Financial details of the transaction are included in part 2.

6 Legal comments

- 6.1 The request for a delegated decision follows Mayoral Decision MD1111 which records the Mayor's decision to delegate certain decision-making powers to provide a clear separation between the Mayor's planning decision making powers and his ability to make decisions affecting development. MD1111 authorises the Deputy Mayor for Housing, Land and Property, Executive Director of the Housing and Land and the Executive Director of Resources (acting as both GLA staff and members and directors of GLAP), acting by any two of them together, to approve the taking of development and other decisions as landowner including the entering into of contractual arrangements and other related documentation on behalf of the Mayor in respect of GLAP's land holdings at Greenwich Peninsula.
- 6.2 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;
 - Promoting social development in Greater London; and
 - Promoting the improvement of the environment in Greater London
- 6.3 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.
- 6.4 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.
- 6.5 The contents of this note indicate that the decision requested of the Mayor is within the GLA's statutory powers.

7 Planned delivery approach and next steps

Activity	Timeline
Finalise negotiations on Head of Terms with CREL	March 2019
CIB approval obtained	March 2019
Mayoral Decision obtained	March 2019
Exchange	March 2019
Complete sale agreement	March 2019
Transfer of pier to CREL	March 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? YES

If YES, for what reason:

To be deferred until sale of the pier has completed.

Until what date: 1/9/2019

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 - YES

ORIGINATING OFFICER DECLARATION:

Drafting officer to
confirm the
following (✓)

Drafting officer:

Charlotte Harrison has drafted this report in accordance with GLA procedures and confirms the following:

✓

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.

✓

Corporate Investment Board

This decision was agreed by the Corporate Investment Board on 25 March 2019.

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

M. J. Allcock

Date

27.3.19