

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2575

Title: EastPlus – freehold sale of EastPlus Plots 63 and 64, Dagenham

Executive Summary:

GLA Land and Property Ltd ('GLAP') seeks approval for the sale of two plots of industrial land in the EastPlus property portfolio. One disposal is directly to the City of London Corporation ('CoLC'). The second disposal is to The Capital Dairy Company (Holdings) Limited for a local dairy, a business relocation.

The sale to the CoLC, another public body, will achieve a higher land receipt for GLAP (than were it to be developed through the existing EastPlus development vehicle) and will help the CoLC to deliver their planned Wholesale Markets consolidation programme at Dagenham Dock in east London.

Decision:

That the Mayor approves:

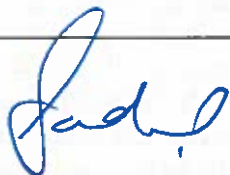
1. the sale by GLA Land and Property Ltd of EastPlus Plot 64 (Plot 9, London Sustainable Industries Park) in Hindmans Way in Dagenham Dock to the City of London Corporation, materially on the terms set out in Part 2
2. the grant by GLA Land and Property Ltd of associated rights of access and rights to install/retain utility services in Thunderer Way to the City of London Corporation.
3. the transfer of Thunderer Road to the City of London Corporation for a nominal sum subsequent to completion of the sale of EastPlus Plot 64
4. the sale by GLA Land and Property Ltd of EastPlus Plot 63 (Plot 8, London Sustainable Industries Park) in Hindmans Way to The Capital Dairy Company (Holdings) Limited, materially on the terms set out in Part 2
5. GLA Land and Property Ltd entering into all necessary documentation required to facilitate the decisions outlined at 1 – 4 above.
6. further expenditure for GLA Land and Property on the EastPlus project of up to £100,000 on the costs of sale of EastPlus Plot 64 in Q4 of 2019-2020.

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:

29/1/20

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

Decision required – supporting report

1. Introduction and background

- 1.1. Industrial land and property in east London owned by GLA Land and Property Ltd (GLAP) is being developed under an existing agreement with SEGRO Development Properties Ltd (SEGRO) pursuant to Mayoral Decision (MD) 1620 which approved their selection as development partner by entry into a development agreement (DA) in accordance with the GLA's disposal plan.

Background

- 1.2. The development of the EastPlus portfolio has the potential to create up to 4,000 jobs.
- 1.3. Terms for the drawdown of EastPlus Plot 64 by SEGRO to assist the London Borough of Barking & Dagenham ('LBBD') in relocating an established local dairy business from their current facility in Thames Road were well advanced through the disposal route prescribed in the EastPlus DA. However, CoLC approached SEGRO and GLAP about the prospect of including Plot 64 in their land assembly programme for the CoLC's Wholesale Markets project in east London.
- 1.4. In order to accommodate both proposals, Capital Dairies have agreed to locate to a neighbouring plot on the commercial park – Plot 63 in Hindmans Way – on the same terms as had been discussed for Plot 64, as set out in Part 2.
- 1.5. The offer for EastPlus Plot 64 from the CoLC greatly exceeds that which would be generated through a sale to The Capital Dairy Company because of CoLC's interest in the location near to the River Thames where a wharf is close by, accessed from Thunderer Road. This substantial wharf has considerable capacity to support river uses which are essential to CoLC's plans for consolidating the Wholesale Markets.

The sale of EastPlus Plots 63 and 64

- 1.6. EastPlus Plot 64 is one of six industrial development plots at the London Sustainable Industries Park (LSIP) that lie within the EastPlus portfolio and are collectively being marketed by SEGRO as 'SEGRO Park Dagenham' further to their obligations under the development agreement.
- 1.7. EastPlus Plot 64 is located on the west side of Hindmans Way and relies entirely on that road for vehicular and pedestrian access. This is why the improvement of the road is of importance to any purchaser of the industrial plot. The fact that this is visibly being done by SEGRO (for GLAP) and with the support of the local highway authority (the London Borough of Barking & Dagenham) has been influential.
- 1.8. The CoLC require a freehold interest in EastPlus Plot 64 and wish to take responsibility for the building to take place on the site, in order that it meets their project requirements. Therefore, the CoLC do not require SEGRO to build them an industrial building (as envisaged under the EastPlus DA).
- 1.9. GLAP will sell EastPlus Plot 64 direct to the CoLC on the terms set out in Part 2.
- 1.10. EastPlus Plot 63 (as shown in Appendix 1) is located on the western side of Hindmans Way (to the south of EastPlus Plot 64, as shown in Appendix 2) and will be disposed of to The Capital Dairy Company by way of freehold transfer materially on the terms set out in Part 2.
- 1.11. As the land drawdown process prescribed in the EastPlus DA requires the developer to submit a Site-Specific Development Plan ('SSDP') to GLAP when requesting the drawdown of a site in the EastPlus portfolio, the determination of the developer's profit from the sale of that plot is transparent. The developer's profit arising from the sale of EastPlus Plots 63 and 64 has been determined on the basis

of a consented scheme and has been scrutinised by Lambert Smith Hampton, cost consultants for GLAP.

- 1.12. These two EastPlus plots in Hindmans Way are considered some of the more challenging plots in the portfolio, plots that have been left unused and unkept for many years. The sale to the CoLC will support Small and Medium sized Enterprises ('SMEs'), updating and renewing east London's industrial stock and directly addressing the Mayor's London plan policy aspirations around retention and expansion of London's industrial floorspace. It will also facilitate a significant expansion in river-related logistics, a priority outlined in the Mayor's draft London Plan and Transport Strategy.

The grant of rights over Thunderer Road

- 1.13. EastPlus Plot 64 fronts Thunderer Road (a shared-use private road in multiple ownership) which runs along the inside of a flood defence wall.
- 1.14. The future owner of the property will require rights of access over the GLAP-owned section of Thunderer Road and, until it is adopted, over all of Hindmans Way to access their site. GLAP will therefore grant the CoLC rights of access and rights to install utility services in and under these roads.

Supplemental Agreements to the EastPlus DA

- 1.15. Both EastPlus Plots 63 and 64 require supplemental agreements to the EastPlus Development Agreement to document non-material amendments to facilitate the detail of each disposal. The terms of the supplemental agreements are set out in Part 2. The proceeds from both sales are anticipated in Q4 of 2019-2020.

2. Objectives and expected outcomes

- 2.1 The central objective of this decision is to maintain continuity on a live and successful development project on GLAP-owned land in east London during a particularly active period in the cycle of the project, and specifically will capture development opportunity where value exceeds that forecast originally.
- 2.2 The decision will enable GLAP to work collaboratively with the CoLC at Dagenham Dock on their Programme post the sale.
- 2.3 The longer-term benefits to the area (and to the GLA) of supporting the introduction of CoLC into the area include:
- (i) the potential for millions of pounds of investment in Dagenham Dock
 - (ii) comprehensive regeneration of the area between Dagenham Dock railway station and Barking Riverside to the west
 - (iii) the creation of many more jobs in comparison to a traditional industrial use
 - (iv) more sustainable working amongst traders at the wholesale markets, especially with the potential of transferring more freight (to and from the markets) onto the river
 - (v) partnership working with an important public sector investor / stakeholder.

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.

- 3.2. 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.
- 3.3. Throughout the decision-making process relating to the approvals sought in this Decision Form to facilitate this sale due regard has been had to the 'three needs' outlined above. An evaluation has concluded that the sale has not identified any issues that adversely affect any groups with protected characteristics. Once complete the new highway infrastructure in Hindmans Way will be available for all the community.

4. Other considerations

- 4.1. The key risk is that the CoLC withdraw from the proposed sale before completion. This is considered unlikely provided both parties proceed as intended. CoLC has demonstrated their financial wherewithal and commitment to Dagenham Dock by purchasing the far larger (and more expensive) former Barking Power Station site nearby.
- 4.2. The other key risk is GLAP not being able to provide access to CoLC's interim user(s) of the Property in time. However, the CoLC has no plans to introduce 'meanwhile uses' in 2020, during which time Hindmans Way will have been upgraded providing good vehicular and pedestrian access to the plot via that road.
- 4.3. Construction on EastPlus Plot 64 is only allowed to start once the CoLC have received planning permission.
- 4.4. Until a decision is made (and can be communicated to the stakeholders) there is a risk that the dairy might decide not to move to the substitute plot at SEGRO Park Dagenham offered to them or indeed might not move at all. This risk has been mitigated by SEGRO showing the dairy how the substitute plot can work for them, by investing time in managing their relationship with the dairy's owner, and by putting the preparation of contracts in solicitors' hands.
- 4.5. There are no conflicts of interest to note for any of the officers involved in the drafting or clearance of the decision. Pursuant to MD2565 ('EastPlus – retention of services of specialist property consultant by GLAP') Lambert Smith Hampton scrutinises for GLAP the development costs and appraisals submitted by SEGRO.
- 4.6. This decision will support:
- (i) the exit strategy for the Mayor's Land & Property portfolio
 - (ii) the continued comprehensive regeneration of brownfield land in east London, leading to the creation of many hundreds of jobs, both directly and indirectly, many in SMEs
 - (iii) the Mayor's approach to the safeguarding and use of London wharves in conjunction with the Port of London Authority, and the Mayor's Joint Thames Strategies
 - (iv) the relocating of the Museum of London to the current Smithfield Market site, a project which is supported by the Mayor.

5. Financial comments

5.1 This decision requests approval for GLAP to:

- sell EastPlus Plot 64 (Plot 9, London Sustainable Industries Park) in Hindmans Way in Dagenham Dock to the City of London Corporation on terms set out in Part 2
- sell EastPlus Plot 63 (Plot 8, London Sustainable Industries Park) in Hindmans Way to The Capital Dairy Company (Holdings) Limited on terms set out in Part 2

- grant right of access and right to install utility services on Thunderer Way to the City of London Corporation
- transfer Thunderer Road to the City of London Corporation for a nominal sum following the sale of EastPlus Plot 64.

5.2 This decision also requests approval for further expenditure of up to £100,000 on site preparation costs to enable the sale of EastPlus Plot 64 to the City of London Corporation. These costs will be funded from the sales proceeds.

5.3 VAT will be chargeable on the sales prices. Further financial comments are set out in Part 2.

6. Legal comments

6.1 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
- (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
- consult with appropriate bodies.

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

7. Planned delivery approach and next steps

Activity	Estimated Timeline
Mayoral Approval (targeted date)	Jan. 2020
Contract – finalisation of detailed terms and conditions for sale and Deed of Variation	Feb. 2020
Delivery – simultaneous exchange of sale agreement & completion of Deed of Variation	by March 2020
Delivery – practical completion of Hindmans Way	June 2020

Appendices and supporting papers:

Appendix 1 – Plan of EastPlus Plot 63 (not to scale)

Appendix 2 – Plan of EastPlus Plot 64 (not to scale).

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.

Publication of Part 1 is to be deferred for 3 months from the date of the decision whilst the detailed terms and conditions of the transfer of EastPlus Plot 64 are concluded with the CoLC; immediate publication risks compromising the implementation of the decision.

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:

Christopher Broster has drafted this report in accordance with GLA procedures and confirms the following:

✓

Sponsoring Director:

Rickardo Hyatt has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

David Bellamy 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 the (insert date) **27.1.20**

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

M. D. Ollie

Date **27.1.20**

CHIEF OF STAFF:

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

Signature

D. Bellamy

Date **27/1/2020**