

GREATER **LONDON** AUTHORITY

REQUEST FOR MAYORAL DECISION – MD1645

Title: Stephenson Street project revenue expenditure

Executive Summary:

Through MD1626, the Mayor appointed Berkeley Homes as preferred developer for a site adjacent to West Ham station in the London Borough of Newham (LBN) following procurement through the London Development Panel (LDP) by GLA Land and Property (GLAP).

The site is large and complex which requires further action by both GLAP and Berkeley Homes to ready the site for development. This MD requests expenditure of £330K across the remaining lifetime of the project to cover a number of work streams requiring technical due diligence and legal advice/expenditure. This expenditure will be contained within the existing Land and Property revenue budget.

Decision:

That the Mayor approves expenditure of up to £330,000 to fund the legal and technical due diligence costs of GLA Land and Property Limited at the Stephenson Street site.

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:

22 - 4 - 2016

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

Decision required – supporting report

1. Introduction and background

- 1.1 The site at Stephenson Street comprises 10.62 hectares and sits adjacent to West Ham station. Berkeley Homes have been selected as the preferred bidder for the site by MD1626. Expenditure related to the procurement via the London Development Panel was approved through DD1219. The site is a large, cleared (following MD1165) but with a number of constraints, such as poor access, contamination and restrictive covenants applying to the site which require further action by both GLAP and Berkeley Homes before the site can be developed.
- 1.2 To regularise these constraints there are a number of non-LDP standard documents to be entered into and therefore further legal fees in excess of those incurred on the two previous LDP disposals at Silvertown Way and Pontoon Dock.
- 1.3 In addition, there are a number of key stakeholders to reach agreement with, in particular with TFL for the purchase of air rights which will unlock the sites capacity thresholds significantly.
- 1.4 The site was taken to market through the LDP for a residential-led mixed use scheme and will incorporate approximately 1/3 private for sale, PRS and affordable, and an appropriate quantum of employment space. Significant access and transport upgrades will be required, as well as the provision for Berkeley Homes to seek the provision of a free school on the site.
- 1.5 Further details of financial forecasts are set out in part two of this decision.
- 1.6 The site has a historical approval of £120K (ADD75, ADD113 and DD1219) which covered geotechnical studies, legal fees, valuations and commercial advice. Of this budget £34K remains, which will fund historical Legal Fees. Officers have estimated the ongoing costs associated with the scheme. These are covered in part 2.
- 1.7 Once the development is in contract, which is imminent, we anticipate ongoing monitoring costs of £30K per annum for the next two years. Where possible the GLA will seek for Berkeley Homes to cover some of the legal costs incurred.

2. Objectives and expected outcomes

- 2.1 We anticipate this budget being sufficient to complete the finalisation of the Development Agreement and the further work required to ready the site for development, so far as they fall to be undertaken by GLAP.
- 2.2 The development will contribute upwards of 3,500 residential units when complete.

3 Equality comments

Equalities considerations will be taken into account in that all work will be procured in accordance with GLA duty.

4 Financial comments

- 4.1 The decision seeks approval for expenditure of £330k over the life of this project, spanning potentially three financial years. The anticipated profile of spend is as follows:

2015-16	1016-17	2017-18
46,000	254,000	30,000

- 4.2 The expenditure will be contained with the existing Land and Property revenue budget. Allocated budget for Stephenson Street over two financial years (15/16 & 16/17) totals £300k. At this stage there is no budget provision in 17/18 to fund the £30k budget requirement. It should be noted that the estimated cost of this project is currently indicative. Any costs beyond £300,000 will be funded in the first instance from within the existing Land and Property Revenue budget or within the Housing and Land existing revenue budgets.
- 4.3 All the necessary budget adjustments will be implemented over the life time of the project to account for any movements over the years.

5 Legal comments

- 5.1 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:
- 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
- 5.2 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.
- 5.3 Sections 1 and 2 of this report indicate that the Mayor has the power to agree to the decision set out above.

6 Investment & Performance Board

The preferred bidder was approved at HIG in November 2015 and the expenditure arises from this.

7. Planned delivery approach and next steps

The next milestones are as follows:

Activity	Timeline
Signing of Contract	March 2016
Grant of Planning	December 2016
Delivery Start Date	Q2 2017

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:

Caroline Cameron 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:

Edward Lister 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

14.4.16

CHIEF OF STAFF:

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

Signature

E. Lister

Date

15.04.2016