

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2234

Title: Culture and Education District – Revised Agreements for Lease and Leases for Stratford Waterfront and UCL East

Executive Summary:

The London Legacy Development Corporation (LLDC) has been working closely with a number of cultural partners since 2013 to develop the Culture and Education District (CED) project, which will bring together world leading culture and university institutions on Queen Elizabeth Olympic Park (QEOP).

At its Board meeting on 28 November 2017, LLDC agreed to enter into an Agreement for Lease (Afl) and lease with each of:

- the University College London (UCL), for sites on Queen Elizabeth Olympic Park (QEOP) south of the Aquatics Centre and on the South Park lawn
- University of the Arts London (UAL), Sadler's Wells and Victoria & Albert Museum (V&A) on the Stratford Waterfront site

The Board gave its agreement subject to Mayoral consent. Consent is required because the Afls involve land covered by the National Lottery Funding Repayment Agreement and a commitment to dispose of land at less than best consideration.

MD1422 gave approval for the GLA to enter into a Memorandum of Understanding (MOU) with Government in respect of the delivery of the CED project. Since then, Government has increased its capital grant for the project from £141.3m to £151.3m. Mayoral approval is being sought to pass £100m of the funding onto UCL, by way of a grant agreement, to part fund delivery of its Marshgate facility.

Decision:

That the Mayor approves:

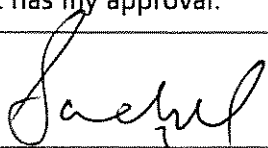
- (i) LLDC entering into separate Afls with UCL, UAL, Sadler's Wells and the V&A, as part of the CED project (approval is for the purposes of paragraph 4.5 of the GLA's Corporate Governance Direction to the LLDC)
- (ii) LLDC disposing of land for less than best the consideration than can reasonably be obtained, to which LLDC will be committing by entering into the Afls (approval is for the purposes of section 209(1) of the Localism Act 2011)
- (iii) expenditure by the GLA of £100m, by way of grant funding to UCL, for delivery of the Marshgate shell and core works (noting this sum will be funded by capital grant from Government for the CED project, which has increased from £141.3m (receipt approved by MD1422) to £151.3m)

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:

8/2/18

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

Decision required – supporting report

1. Introduction and background

- 1.1. The Legacy Corporation has been working closely with the Mayor of London, Government, UCL, V&A, UAL, Sadler's Wells and other cultural partners since 2013 to develop the CED project. The project will bring together world leading culture and university institutions on QEOP to create an inspirational centrepiece to drive aspiration and opportunity for the people of east London and beyond.
- 1.2. An Outline Business Case (OBC) for the project was approved by Government in November 2014. In December 2014, the Chancellor of the Exchequer confirmed in his National Infrastructure Plan that Government would provide up to £141m to the GLA for the project. This was set out in a memorandum of understanding (MOU) between the GLA and the Department for Communities and Local Government (now the Ministry of Housing, Communities and Local Government), which was approved under MD1422. In the Spending Review 2015, Government reconfirmed its support for the project and increased its capital grant to £151.3m. Note the MOU has since been revised to reflect the updated OBC for the project.

UCL East

- 1.3. Mayoral consent was given to LLDC in March 2015 (under MD1473) for it to enter into an AfL with UCL (following LLDC Board approval in February 2015). UCL and LLDC signed the AfL in April 2015. Since then, UCL has progressed the design of sites at Marshgate (South Lawn academic facilities) and Pool Street (mixed used student residential and academic). UCL and LLDC have been in discussions on revised delivery arrangements for the Marshgate facilities and the AfL needs to be revised accordingly.
- 1.4. The UCL East scheme involves disposal by LLDC to UCL of three sites within Planning Development Zones (PDZ) 1.2 and 2 on QEOP. It comprises:
 - a minimum of 35,000 sqm of academic facilities at Marshgate and Pool Street and a maximum of 15,000 sqm of student and staff accommodation at Pool Street West (Phase 1)
 - a further 75,000 sqm of development (Phase 2)
- 1.5. UCL will undertake the entire delivery of the Marshgate facility, whereas under the previous AfL LLDC was to undertake delivery of Marshgate shell and core. The budget (including land) for Phase 1 is funded primarily by UCL and the balance by the GLA by way of a grant supported by Government funding for the CED project.
- 1.6. This GLA funding for the Marshgate works represents £100m of Government's total grant funding for the CED project of £151.3 million. The changed delivery arrangements mean that UCL will now draw down the grant – which is a fixed amount – from the GLA. Grant will be released on the achievement of milestones and associated acceptance criteria, which will be set out in a grant agreement. LLDC will continue to act in a client capacity and provide the assurance to the GLA that milestones have been achieved before funding is drawn. Delivery risk will rest with UCL and, in addition, UCL are to give an indemnity in respect of any risks the GLA might be exposed to arising from its procurement of the works.
- 1.7. The grant agreement is currently being finalised, drawing on legal advice, and will be entered into on behalf of the GLA by the Executive Director of Resources under the delegation given in the GLA's scheme of delegation.
- 1.8. Detailed information on the terms of the AfL, leases and various ancillary documents is contained in confidential supporting documents to part 2 of this form (because of commercial sensitivity).

Stratford Waterfront

- 1.9. LLDC owns the freehold interest of Stratford Waterfront, a 4.2 acre site adjacent to the London Aquatics Centre in QEOP. The Legacy Corporation, or its successor body, will retain the freehold and grant leasehold interests in Stratford Waterfront to the partners and manage the public realm. Under the terms of each of the AfLs, once obligations on both LLDC and partners have been discharged, the agreement becomes unconditional and the lease is granted to the tenant.
- 1.10. Mayoral consent was given to LLDC in April 2016 (MD1643) to enter into AfLs with UAL, Sadler's Wells and the V&A. MD1643 also gave consent for the granting a loan by LLDC to UAL alongside the AfL (under Section 213 of the Localism Act 2011 Mayoral consent is required to give financial assistance). As this aspect remains unchanged, a new consent is not being sought.
- 1.11. Since that time, the masterplan has been revised and the building designs have been amended to deliver a similar overall scheme utilising the site's capacity in a different way. The AfLs have been updated to reflect these changes.
- 1.12. Description of the different schemes:
- UAL's London College of Fashion – 36,000 sqm academic building. This will be a 399-year lease
 - Sadler's Wells – 8,000 sqm theatre and dance studios. This will be a 200-year lease
 - V&A – 6,000 sqm museum space in partnership with the Smithsonian. This will be a 200-year lease
 - In addition, there will be public realm around the buildings at the waterfront and podium levels
- 1.13. LLDC will still enter into construction contracts to deliver the buildings to shell and core with the partners undertaking fit-out works.
- 1.14. The cost of these buildings is to be funded by the GLA supported by Government funding for the CED project, partner contributions and philanthropic fundraising.
- 1.15. Further information is set out in part 2 of this form.
- 1.16. The Mayor's consent is required in respect of two matters relating to the proposal for LLDC to enter into AfLs with UCL, V&A, UAL and Sadler's Wells.

Paragraph 4.5 of the GLA Governance Direction to the LLDC 2013 (MD1227)

- 1.17. The Governance Direction 2013 sets out where LLDC requires the consent of the Mayor and how this will be obtained. Paragraph 4.5 of the Governance Direction 2013 provides:
- Prior consent must be obtained to any decision by LLDC...to approve a 'Land Transaction' as defined in Clause 2 of the National Lottery Fund Repayment Agreement (NLFRA) regarding returns to the Lottery and LLDC shall in advance share with GLA the details of all such anticipated Land Transactions.*
- 1.18. The sites for the new UCL campus and the three Stratford Waterfront buildings are on land on QEOP that is subject to the NLFRA, and therefore LLDC's decision to enter into AfLs, and subsequently, long leases for these sites fall within the terms of the Agreement.

Section 209 of the Localism Act 2011

- 1.19. Section 209 of the Localism Act empowers LLDC to dispose of land held by it in any way it considers appropriate but specifies that it must not dispose of land for less than the best consideration that can reasonably be obtained unless the Mayor consents.

- 1.20. Entering into the AfLs with UCL, V&A and Sadler's Wells will commit LLDC to disposals of land which, as explained in part 2, are at less than the best consideration than can reasonably be obtained.
- 1.21. 'Circular 06/03: Local Government Act 1972 general disposal consent (England) 2003 disposal of land for less than the best consideration that can reasonably be obtained' sets out what information local authorities should provide when applying to the Secretary of State for Specific Consent for Disposal at less than best consideration. The information being provided to the Mayor to inform his decision is in line with the guidance in that circular.
- 1.22. The reasons for disposal at less than best consideration include the proposed change of use from residential to higher education and the long-term benefits of the CED project, which are expected to support a wide range of policy objectives. These are expected to significantly outweigh the cost to the public purse of creating the new urban quarter at QEOP. The OBC for CED, of which this AfL is a part and which is supported by Government, also shows that the expected net benefits are greater than those that would be delivered by the alternative residential housing-led scheme.

2. Objectives and expected outcomes

- 2.1. CED will support LLDC's ability to deliver a meaningful and sustainable legacy from the London 2012 Olympic and Paralympic Games by creating an exciting new district of London, providing a unique offer to residents and visitors. CED will support wider economic growth, greater access to education provision, as well as new skills and employment opportunities, generated by a strong visitor economy and an innovative learning and research location for inward investors.
- 2.2. CED supports a range of priorities including:
 - economic growth
 - enhanced education and skills levels
 - sustainable local jobs
 - raising local aspirations
 - the delivery of a successful and accessible Park
 - helping to redefine Stratford's place in London's economy as a new heart for east London
- 2.3. This will be enabled through 125,000 m² of higher education space; up to 40,000m² of cultural space; new residential units; and public realm. Creating opportunities for the communities of east London and beyond is dependent on not only co-locating world class institutions, but also on proactively promoting collaborative relationships between the partners, local organisations, and local residents and with people visiting the Park.
- 2.4. UCL East will be an inspirational and accessible learning environment that challenges traditional models for higher education. It will provide new approaches to practical learning, opportunities for participation and public engagement, facilities for open innovation, and living spaces that are modern and sustainable. It will embody UCL's commitment to creating and sharing knowledge for the benefit of all. UCL East will break down barriers between traditional academic activities – across research, education, engagement and enterprise – and between disciplines. 'UCL East' captures UCL's commitment to creating a vibrant, diverse and accessible campus in, of and for East London. It also embodies UCL's areas of focus: Experiment, Arts, Society & Technology. The campus will:
 - house activities that are new to UCL
 - bring together cross-disciplinary expertise from the arts and humanities, engineering, design, culture and social sciences
 - be open and highly collaborative with external organisations

- serve as a model for a new type of university campus, breaking down conventional barriers between research, education, innovation, public engagement and collaboration
 - provide an outstanding environment for learning and scholarship for students, staff, collaborators and the public
- 2.5. UAL's London College of Fashion is a world leader in fashion and design, media and business education. At Stratford Waterfront, digital developers will work alongside designers; psychologists will collaborate with image creators; and marketing theorists will join forces with curators. The scheme includes:
- a 36,000m² global research and education hub, which is a new campus for LCF's 6,500 students and staff across all areas of study
 - a public lobby, gallery, fashion lab and showcase space for events
 - specialist teaching spaces including a fashion business school and sustainability and innovation research centre
 - incubators to support graduates and small fashion businesses
- 2.6. Sadler's Wells is a world-leading creative organisation dedicated to dance in all its forms. Sadler's Wells East will present the best UK and international work created for the mid-scale and offer life-changing training, development and learning opportunities through its choreographic school, hip hop academy and participatory activities. This new space for dance will help to develop further the art form, reach wider audiences and establish London as the dance capital of the world including:
- a new 550-seat theatre designed for mid-scale performance
 - flexible spaces for research, development and production of dance
 - a choreographic centre and hip hop academy
 - a new space for creative learning and community work, working with our partners in Stratford
 - learning and engagement programmes and opportunities for audiences, participants, artists and local communities
- 2.7. The V&A is the world's leading museum of art and design with collections unrivalled in their scope and diversity. V&A East will offer a new model for exploring its world-renowned collection of art, design and performance at the heart of east London. A dynamic new museum, it will inspire and empower the next generation of artists, designers and innovators; support and promote the creative industries; and enable audiences to discover the value of creativity and design. The scheme includes:
- a new museum where visitors can explore the V&A's collections, meet, socialise, and take part in events
 - pioneering exhibitions, gallery displays, and community activities
 - spaces for community-led projects, residencies, installations, and emerging design talent
 - a co-curated programme with the Smithsonian Institution, bringing two of the world's leading museums together for the first time

3. Equality comments

- 3.1. LLDC's priority theme of championing equalities and inclusion was taken into account in the development of the proposition for CED, in consultation with all the project partners. LLDC will ensure that equalities, access and sustainability considerations are applied to procurement, employment, participation and inclusive design as required throughout the project.

- 3.2. LLDC is a public body with a responsibility to promote equality, tackle discrimination and promote good relations between different groups of people with protected characteristics¹. LLDC undertook a strategic equality impact assessment on its renewed priorities, including its emerging five-year organisational strategy and CED plans. As part of this process, LLDC consulted with equality groups and tested whether its approach is helping to promote its equality priorities. The outcomes of the strategic equality impact assessment in relation to CED have been used to inform the planning process and public consultations. The Mayor is under the same duty. It is anticipated that there will be no adverse impact on equalities issues and any protected characteristic groups.

4. Other considerations

a) Key risks and issues

- 4.1. There are a number of programme, funding and delivery risks that have been identified, as is typical of a project of this scale and complexity. These are covered in the part 2 document.

b) Links to Mayoral strategies and priorities

- 4.2. This proposal will support the Mayor's priorities:

- a cleaner, greener London
- making the most of arts, culture and creativity
- a fairer and more equal city
- business, prosperity and opportunity

c) Impact assessment and consultations

- 4.3. An economic impact assessment was undertaken as part of the CED OBC submitted to Government. It showed the project will generate 1,500 direct jobs (plus indirect jobs and an estimated 15,000 job years during construction), 1.5m additional visitors and £1.2bn of economic net present value to Stratford and the surrounding area (based on a new method of valuation from the Government).
- 4.4. The pre-application consultations will give both statutory and non-statutory consultees, including the local community, an opportunity to express their opinions on the proposed development before the planning application is submitted, thus ensuring significant issues can be considered as part of the design and planning application process.
- 4.5. LLDC's Board and Investment Committee, TfL Legal and external legal advisors were consulted during the development of the AfLs.

¹ LLDC and the GLA (acting by the Mayor) must have due regard to the need to eliminate unlawful discrimination, harassment and victimisation as well as to advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not under section 149 of the Equality Act 2010. This may involve, in particular, removing or minimising any disadvantage suffered by those who share a relevant protected characteristic; taking steps to meet the needs of such people; and encouraging them to participate in public life, or in any other activity where their participation is disproportionately low, including tackling prejudice and promoting understanding. The protected characteristics and groups are: age, disability, gender reassignment, pregnancy and maternity, race, gender, religion or belief, sexual orientation and marriage / civil partnership status. Compliance with the Act may involve treating people with a protected characteristic more favourably than those without the characteristic.

5. Financial comments

- 5.1. The implications of these decisions are fully reflected in the capital budgets of LLDC and the GLA, which are part of the Mayor's 2018-19 Final Draft Consolidated Budget and long-term plans. The details of these transactions and associated financial risks are set out in part 2. The GLA remains exposed to risks of cost overruns on the project. But the change to the overall funding arrangements of LLDC by the GLA, set out in the Mayor's budget, are designed to mitigate some of this risk.
- 5.2. The proposal for the GLA to grant fund UCL directly is cost neutral for the GLA as this is met from Government grant with three proposed milestone payments across the financial years 2019-20 to 2021-22.

6. Legal comments

- 6.1. The relevant legal considerations are set out elsewhere in this form.

7. Planned delivery approach and next steps

Activity*	Timeline
Legacy Corporation enters into Agreements for Lease with UCL, V&A, Sadler's Wells and UAL	February 2018
Full Business Case approval	May 2018
First UCL Construction contracts awarded	Summer 2018
UCL Reserved matters and pre-commencement conditions approved	October 2018
Stratford Waterfront Planning application submitted	October 2018
Stratford Waterfront Planning application approved	Spring/Summer 2019
UCL Start on site	2019
Stratford Waterfront start on site	2019
UCL Pool Street West operational	Autumn 2021
UCL Marshgate operational	Autumn 2021
Stratford Waterfront opening	Autumn / Winter 2022

* Source includes <http://www.ucl.ac.uk/ucl-east/at-a-glance/timeline> (as at December 2017)

Supporting papers:

MD1227 – London Legacy Development Corporation Governance Direction (July 2013)

MD1422 - Memorandum of Understanding for Olympicopolis (funding and delivery) between the DCLG and the GLA (and its appendices) (December 2014)

MD1473 – Olympicopolis – Disposal of Long Leasehold to University College London (and its appendices) (March 2015)

MD1643 - Olympicopolis - Leases for Stratford Waterfront (and its appendices) (April 2016)

See part 2 for appended documents.

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? YES

If YES, for what reason:

Deferred until announcement on the Culture and Education District is made in spring 2018.

Until what date: 31 May 2018

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:

Tim Somerville has drafted this report in accordance with GLA procedures and confirms the following:

✓

Sponsoring Director:

Martin Clarke 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 5 February.

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 5.2.18

CHIEF OF STAFF:

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

Signature D. Bellamy

Date 5/2/2018