

# GREATER LONDON AUTHORITY

## REQUEST FOR ASSISTANT DIRECTOR DECISION – ADD380

### Title: Hale Village Agreement Legal Appointments

#### Executive Summary:

This paper seeks agreement to appoint Eversheds LLP for a maximum fee of £17,000, to act on GLA Land and Property Limited's (GLAP) behalf to provide external advice on the terms of the resolution of the Hale Village Investment Agreement to ensure GLAP achieves Best Consideration for its interests in this matter, and maximises the return to the public purse.

#### Decision:

The Head of Area approves expenditure of up to £17,000 to appoint Eversheds LLP through TfL's Legal Framework arrangements to undertake the required legal work to complete the Hale Village Investment Agreement.

#### AUTHORISING ASSISTANT DIRECTOR/HEAD OF UNIT:

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:** Fiona Duncan

**Position:** Head of Area (North East)

**Signature:** 

**Date:** 22/1/16

## **PART I - NON-CONFIDENTIAL FACTS AND ADVICE**

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1 In 2009, the Homes and Communities Agency (HCA) invested in Lee Valley Estates (LVE) Hale Village development at Tottenham Hale. These arrangements were transferred to the GLA Land and Property Limited (GLAP) in 2012 following the devolution of the HCA in London and as provided under the Localism Act.
- 1.2 The “Hale Village Investment Agreement” (the agreement) was designed to help fund the redevelopment of the former industrial estate at Tottenham Hale through a loan arrangement, and a stake in the development termed as an ‘equity stake’ within the agreement terms. Notably this is not a true equity investment, but an investment with the potential for uplift, but without guarantee of return. As part of the security for the investment, the GLA holds a charge over the development until the terms of the Agreement are fulfilled.
- 1.3 A competition was held by LVE in 2014/15 to appoint a development partner for the final phase, which would trigger resolution of the Agreement. Bellway Homes were appointed as part of that process. The package proposed by Bellway would ultimately provide sufficient finance to trigger payment of the gross receipts element of the funding cascade, creating a return of funds to the GLA and resolution of the Agreement.
- 1.4 However, having appraised the structures for delivery that Bellway is proposing, the existing structure of LVE and the delivery company formed to take forward the Hale Village Scheme, ‘Hale Village Properties’ (HVP), LVE have identified the financing structure they have in place would not be compatible with the existing Investment Agreement with GLAP, and therefore not allow them to treat with Bellway and complete the development.
- 1.5 Therefore it is in GLAP’s interest to ensure the development comes forward, not just in order to deliver much needed new housing within the Tottenham Housing Zone, but also in order to realise the repayment of monies due to the GLA, which in turn will help to fund the operation of the GLA and delivery of the Mayors strategies and policies.
- 1.6 Once a suitable way forward is agreed, a paper will proceed to HIG, IPB and for Mayoral Decision to agree these terms and structures. However, before this can take place GLAP needs to be confident that the proposed structure ensures that its interests remain suitably protected and that returns are maximised.
- 1.7 This paper seeks agreement to appoint Eversheds LLP to a maximum fee of £17,000, to act on GLAP’s behalf to provide external advice on the terms of this Agreement and the structure going forward to ensure GLAP achieves Best Consideration for its interests in this matter, and maximises the return to the public purse. Eversheds LLP have provided a quote of £11,750 to act in this matter, with additional £5,000 expenditure should full title checks and reviews of securities be required.
- 1.8 Eversheds LLP have acted previously for GLAP and the GLA in similar matters and as such are felt to have the team, competency and relevant knowledge to be able to undertake this matter swiftly and diligently. Eversheds LLP will be appointed from TfL’s Legal Framework arrangements, and as such no competitive process is required in this instance.

## **2. Objectives and expected outcomes**

- 2.1 Following advice from Eversheds LLP to proceed, the resolution to amend the Agreement to allow the Bellway Agreement to be completed will ensure the GLA continues to have sufficient security over the site, whilst ensuring the ongoing viability of the development scheme.
- 2.2 This in turn will ultimately lead to the repayment of the monies owed to the GLA in full, alongside securing the delivery of approximately 250 new homes within the Tottenham Housing Zone.

## **3. Equality comments**

- 3.1 The proposed resolution to the existing funding agreement is aimed at delivering new housing units within Haringey and the Tottenham Housing Zone, which in turn will help to implement the Mayor's policies set out in the Mayor's London Housing Strategy. In January 2014, the GLA published an Integrated Impact Assessment (IIA) including an equalities impact assessment of that strategy. The policies related to the increasing of housing supply of which this paper relates were covered by the IIA for the Further Alterations to the London Plan.
- 3.2 The IIA concluded that updating housing projections and targets would support the delivery of sufficient housing and may help stabilise housing prices supporting equal opportunities throughout communities. Furthermore, the provision of housing including maximising the delivery of affordable housing would be in line with other policies of the plan (e.g. Policy 3.5) ensuring that the needs of different groups are taken into account in the housing design.
- 3.3 The delivery of new and additional homes within the Housing Zone and particularly those facilitated on this site will help to implement Objectives 1, 2, 3 and 4 of the Mayor's Equalities Framework "Equal Life Chances for All" (June 2014) through the creation of new homes, housing products and well-designed housing schemes.

## **4. Other considerations**

- 4.1 The appointment of Eversheds LLP to act on GLAP's behalf in this matter is designed to minimise the risks to GLAP, and to ensure it achieves Best Consideration for its interests in this matter.
- 4.2 Once a suitable way forward is agreed, a paper will proceed to HIG, IPB and ultimately for Mayoral Decision to agree these terms and structures.

## **5. Financial comments**

- 5.1 The revenue expenditure for the appointment of Eversheds LLP is expected to cost up to £17,000 in the current financial year (15/16).

There is a revenue budget of £22,000 in GLAP (HR.00024438.02) which is currently uncommitted to fund this expenditure.

## **6. Planned delivery approach and next steps**

<b>Activity</b>	<b>Timeline</b>
Procurement of Eversheds LLP	ASAP
Confirmation of Terms	January 2016
HIG / IPB / MD approval	January 2016
Planning for site secured	Nov 2016
Payment to GLAP and completion of Agreement	Nov 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 –NO**

**ORIGINATING OFFICER DECLARATION:**

Drafting officer  
to confirm the  
following (✓)

**Drafting officer:**


Neil Hook has drafted this report in accordance with GLA procedures and confirms that the Finance and Legal teams have commented on this proposal as required, and this decision reflects their comments.

✓

**HEAD OF GOVERNANCE AND RESILIENCE:**

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

**Signature:**



**Date:**

22.01.16