

GREATER LONDON AUTHORITY

REQUEST FOR DIRECTOR DECISION – DD2283

Title: London Business Rates Pool -Industrial Intensification Delivery Strategies - Appointment of Commercial Consultant

Executive Summary:

MD2363 approved the allocation of £90.89 million from the Strategic Investment Fund, which included the allocation of £1 million from the fund for Industrial Intensification Delivery Strategies. MD2363 approved the delegation of detailed project level approval of these projects to the relevant Executive Director through a Director's Decision.

This DD seeks approval of revenue expenditure to appoint GVA, as the successful bidder from a competitive procurement process to provide commercial agency, delivery and planning (including transport and infrastructure) advice across all six Delivery Strategies. The expenditure is drawn down from the £1 million of funding and is within budget.

Decision:

That the Executive Director of Housing and Land approves:

Expenditure of £260,883.30 from the £1 million approved allocation from the Strategic Investment Fund for the Industrial Intensification Delivery Strategies, to appoint GVA, who have been selected as the successful supplier through a competitive procurement process.

AUTHORISING DIRECTOR

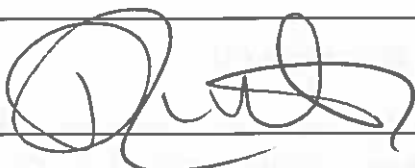
I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.

It has my approval.

Name: David Lunts

Position: Executive Director, Housing and Land

Signature:



Date: 10.10.18

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1. The Mayor, the London boroughs and the City of London Corporation, with the agreement of the government, established the London Business Rates Pool for 2018-19. The Mayor's agreement to the GLA's participation in the pool was set out in MD2217. The main financial benefit of the pool is that London retains 100 per cent of any growth in business rates income over and above the business rates baseline set by central government.
- 1.2. It was agreed by the Mayor and the government that he would commit all of the GLA's share of the net additional benefit of pooling on strategic investment projects. In accordance with this agreement, the Mayor has created a £112 million Strategic Investment Fund (SIF) that he will use to fund strategic investment projects.
- 1.3. MD2363 approved an allocation of £90.89 million from the Strategic Investment Fund. The Industrial Intensification Delivery Strategies were awarded £1 million of funding to enable the development of modern industrial floorspace and new affordable homes, to meet the objectives of the draft London Plan.
- 1.4. The Delivery Strategies will provide a deliverable framework and design proposition for how sites on industrial land (designated and non-designated) can be intensified and consolidated to protect and enhance its capacity, whilst allowing for release in parts to accommodate housing delivery to meet the multiple objectives.
- 1.5. The funding has been allocated to prepare up to six delivery focused strategies for large areas of industrial land across London, that could provide the basis for up to 18,000 new homes and 144,000 square metres of industrial capacity. The strategies are intended to build planning confidence of partners to deliver projects through industrial intensification, in accordance with policy E7 of the draft London Plan. The strategies will support London Boroughs and GLA colleagues to implement policy, realise affordable housing and deliver intensified industrial capacity to serve London's economy.
- 1.6. The project value was estimated based on specialist inputs, including design teams and a multi-disciplinary commercial team providing agency, delivery and planning advice. The cost of appointing GVA as the commercial consultant is within the budget allocated for this specialist input.
- 1.7. GLA Officer's procured this work through TfL's Property Consultancy and Development Framework. Three bids were received, and GVA ranked highest overall. GVA would complete the work from October 2018 to June 2019, and cost £260,883.30 (excluding VAT).

2. Objectives and expected outcomes

- 2.1. The objectives of the Industrial Intensification Delivery Strategies are to:
 - a. Generate realistic and deliverable propositions for the intensification and consolidation of designated industrial land, to support areas of release for housing delivery and co-location;
 - b. Support boroughs to plan for sustainable mixed-use growth through Industrial Intensification to protect their industrial capacity, while helping to deliver their housing targets. The Strategies could inform and support Plan-making;
 - c. Provide comfort to GLA Investment Partners to manage planning and development risk for Industrial Intensification projects on designated industrial land; and

d. Demonstrate best practice for industrial intensification strategic masterplanning, in accordance with draft policy E7 of the London Plan.

- 2.2. GVA will provide agency, delivery and town planning advice across all six strategies which will include transport and infrastructure expertise. GVA will sub-contract WSP to provide transport advice. GVA will assist the GLA select the six sites, prior to the appointment of the design teams; they will then advise on appropriate industrial occupiers and their requirements; the most appropriate areas on the sites to intensify, consolidate and release; the recommended delivery models; and an action plan to unlock key moves to realise the masterplan and strategy going forwards post June 2019.
- 2.3. GVA will work collaboratively with the GLA and the appointed design teams in the evolution of the Delivery Strategies. GLA Housing & Land will work across the Planning and Regeneration teams within the GLA to ensure the Delivery Strategies are draft London Plan compliant, and represent best practice in Masterplanning and layout and typologies for industrial intensification.
- 2.4. Key moves to realise intensification, consolidation and release in response to recommendations and conclusions derived from the Strategies will be investigated by the GLA in partnership with the Local Authority and Investment Partners where applicable to drive forward delivery. This may take the following forms:
- Plan-making (SPD or Local Plan);
 - Discussions with landowners;
 - Substitution of industrial capacity;
 - Outline planning applications (or other as appropriate);
 - Land acquisition by Investment Partner, or GLA (using Land Fund);
 - CPO.
- 2.5. The Delivery Strategies will act as a guide for how these 6 neighbourhoods can be unlocked for industrial intensification to realise the ambitions of draft policy E7 of the London Plan. The Strategies will be place-specific but will also be transferable to other industrial locations across London, and key lessons and moves can be applied in these contexts. They will be a valuable tool to drive planning confidence, and act as a case study and framework to inform strategic masterplans in other locations, that comply with the draft London Plan.

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. Throughout the decision-making and project design process, due regard has (and will be) had to the obligation outlined above. The industrial sector employs hundreds of thousands of people in London; potential intensification of industrial land use will protect jobs in the industrial sector and retain a resilient economy that serves Londoners. The housing shortage in London disproportionately negatively affects people with certain protected characteristics; increasing the supply of housing and affordable housing will help to achieve positive impacts in line with the Public Sector Equality Duty.

4. Other considerations

Key risks and issues

- 4.1. GVA would enter into a contract with the GLA to complete the Commission as per their tender document and agreed price.
- 4.2. The supplier has confirmed that they will work within the internal governance arrangements of the GLA and will work collaboratively with the appointed design teams to evolve the development of the design team. This will help to ensure that the masterplans are deliverable.

Links to Mayoral strategies and priorities

- 4.3. **Good Growth** -protection of London's industrial sector is pivotal to the success of London's economy, in serving residents and businesses as well as creating value through production of goods. The Delivery Strategies would meet all the key pillars of Good Growth; through making the best use of land, growing a good economy that is resilient to change and delivering homes in an integrated and sustainable way that meets London's need. The commercial advice will be fundamental in ensuring these strategies are deliverable.
- 4.4. **Industrial protection and intensification** -the draft London Plan is a Mayoral priority; a key aspect is policy E7 that marks a significant departure from previous Plans. The Delivery Strategies would bring forward development in accordance with draft policy E7. The commercial advice will be fundamental in ensuring these strategies are deliverable.
- 4.5. **Affordable housing delivery** - The Delivery Strategies would aim to deliver 50% affordable housing, a clear Manifesto aspiration for all new housing across London. The commercial advice will advise on planning, values and delivery to aid the maximisation of affordable housing.
- 4.6. **Housing Delivery** -The recent SHLAA shows that London has a capacity for 64,935 new homes a year, 55% of which will be in Outer London. The Delivery Strategies will be focused in Outer London and will assist in the delivery of this annualised housing target.

Impact assessments and consultations

- 4.7. There has not been any impact assessment or consultation, beyond the procurement process. The potential impacts will be kept under review in the ongoing preparation and delivery of the strategies.

5. Financial comments

- 5.1. The decision requests approval for revenue expenditure of £260,883.30 to appoint GVA to support the preparation of Industrial Intensification Delivery Strategies. GVA were selected for the role following a competitive procurement exercise using TfL's Property Consultancy and Development Framework.
- 5.2. The above expenditure will be funded from the £1 million allocation approved by MD2363 from the Strategic Investment Fund.

6. Legal comments

- 6.1. Under section 30(1) of the Greater London Authority Act 1999 (as amended) ("GLA Act"), the GLA has the power to provide the funding for the proposed intervention providing it considers that doing so will further one or more of its principal purposes of: promoting economic development and wealth creation, social development, and the improvement of the environment in Greater London.

- 6.2. 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) including the impact on health, health inequalities, sustainable development and climate change and its consequences and equality under section 33 of the GLA Act and section 149 of the Equality Act 2010, which is set out above.
- 6.3. Transport for London (TfL) have managed the procurement process on behalf of the GLA. An appropriate contract will be put in place with the successful bidder.

7. Planned delivery approach and next steps

Activity	Timeline
Procurement of contract	October 2018
Delivery Start Date	October 2018
Delivery End Date	June 2019
Project Closure	June 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:

The Delivery Strategies are commercially sensitive, as they could cause speculation in land values for selected sites. It is proposed that no announcements are made, or anything placed in the public domain until they have been completed.

Until what date: July 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 -NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Sarah Birt has drafted this report in accordance with GLA procedures and confirms the following:

✓

Assistant Director/Head of Service:

Nick Taylor 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 the 8 October 2018

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

M. D. Allen

Date

9.10.18