

REQUEST FOR MAYORAL DECISION – MD1228

Title: The Gallions Park Land Sale

Executive Summary:

To request approval to sell the Gallions Park site in Newham to Lancaster PLC to facilitate the delivery of a new car dealership, maintenance and training facility.

Decision:

That the Mayor:

1. Approves the sale of the Gallions Park site to Lancaster PLC (the property arm of Jardine Matheson) on terms detailed in the Part 2 (confidential section) of this Mayoral Decision.
2. Approves the settlement of the contingent liability should it materialise.

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:

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

Decision required – supporting report

1. Introduction and background

- 1.1. Gallions Park is an island site of circa 2.8 acres between the established residential neighbourhood of Beckton to the east and the emerging mixed used area of Albert Basin to the west.
- 1.2. Jardine are attracted to the Royal Docks because they could see the potential for the area and felt it a good location to relocate their Porsche Centre from Stratford to the site. It is envisaged that such a relocation would not only enable Porsche to build a purpose built centre to showcase their product but it would also preserve a number of existing jobs as well as generate new jobs in the borough.
- 1.3. Jardine approached the LDA and then the GLA directly to purchase the site as it was not being openly marketed at the time.
- 1.4. Jardine Motors Group (Jardine) is a wholly owned subsidiary of Jardine Matheson Holdings Ltd, a multinational corporation with an annual turnover of US\$ 47bn. Jardine is a leading UK motor franchisee and the designated sole representative of Porsche Great Britain, for the region to the East of London.
- 1.5. The company currently owns and operates an existing Porsche Centre in High Street, Stratford. It wishes to expand and improve its business in the region but its existing premises are no longer suitable. Therefore, it wishes to relocate the business to a site in Newham where it can develop a modern bespoke Porsche Centre.

2. Objectives and expected outcomes

- 2.1 The new Porsche centre will provide a state of the art servicing, repair and sales facility.
- 2.2. The Centre will be a regional training centre with the capacity to accommodate up to seven trainees at any one time. Jardine are committed to Newham's Workspace job placement and creation scheme.
- 2.3. It is anticipated that between 60 and 65 staff will be employed at the Centre, of these the 38 staff currently employed will be given the opportunity to transfer from the existing location.
- 2.4. In preparation for this move Jardine have obtained planning permission for the demolition and redevelopment of its existing premises in Stratford for a residential use.
- 2.5. Jardine have indicated they are in a position to proceed with the development of the new facility forthwith.

3. Planned approach

- 3.1 Further to the 28 January 2013 HIG paper, negotiations with Jardine have been completed and a final offer has been made for the sale of the site. The detail of the offer is within Part 2 and the basic proposal below.

Terms of sale

3.2 Purchaser - Lancaster PLC (property arm of Jardine Matheson)

3.3 Deal structure - GLAP to enter into an agreement for sale, Lancaster to seek planning permission. Once planning has been gained the freehold will be purchased. GLAP will retain option to buy back if site is not developed out. Full details are in the Part 2 section.

4. Other considerations

Valuation Advice / Best Consideration

- 4.1. The site is constrained by two roads, one of which can become congested at times of peak traffic but benefits from good visibility from the road and DLR. It has a number of other constraints – including some significant drainage infrastructure that runs across the site and a large gas main that runs down the eastern boundary. The site also has a background of heavy industrial use, meaning that there will be additional cost associated with construction on this site.
- 4.2. Valuation advice and support has been provided by an external valuation firm. They have valued the site and the offer meets the requirements of achieving best consideration. See Part 2 for further information
- 4.3. This sale will support both the Mayor's growth and housing priorities. The new development will provide training facilities and additional jobs and the sale of the old Stratford site will allow the construction of circa 170 new homes.

5. Financial comments

5.1. Financial comments are detailed in the Part 2 (confidential) section.

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:
 - 6.1.1. Promoting economic development and wealth creation in Greater London;
 - 6.1.2. Promoting social development in greater London; and
 - 6.1.3. Promoting the improvement of the environment in Greater London.
- 6.2. The Mayor is able to delegate to members of GLA staff under Section 38 of the GLA Act.
- 6.3. Sections 1 and 2 of Parts 1 and 2 of this report indicate that the decision requested of the director falls within the GLA's statutory powers as described in section 6.1 and in formulating the proposals in respect of which a decision is sought officers have complied with the GLA's related statutory duties to:
 - 6.3.1. Pay regard to the principles that there should be equality of opportunity for all people;
 - 6.3.2. Consider how the proposals will promote and contribute towards the achievement of sustainable development in the UK; and
 - 6.3.3. Consult with appropriate bodies.

7. Investment & Performance Board

The principle of this sale was endorsed at HIG on 28 January 2013.

Appendices and supporting papers:

1. Location plan
2. Site plan

Public access to information

Information in this form is subject to the Freedom of Information Act 2000 (FOI Act) and other legislation. Part 1 of this form will be made available on the GLA website within 1 working day of approval.

Part 1 deferral: any fact or information whose release before a specific date would compromise the implementation of the decision may be included in Part 1, with Part 1 being deferred until after that date. Deferral periods should be kept to the shortest length strictly necessary.

Is the publication of this approval to be deferred? YES

If YES, for what reason: To ensure that the relocation of the business does not become public knowledge until it is unconditional.

Until what date: 01/01/14

Part 2 confidentiality: any fact and advice that should not be automatically made public should be in the separate Part 2 form, together with the rationale for confidentiality.

Is there a part 2 form – YES**ORIGINATING OFFICER DECLARATION:**

Tick to indicate approval (✓)

Drafting officer:

Michael Payton 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:

Richard Blakeway 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

Date

CHIEF OF STAFF:

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

Signature

Date