

GREATER **LONDON** AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2399

Title: East Bank – Agreement for Lease and Lease, Development Agreement, Deed of Covenant and Loan Agreement for the BBC at Stratford Waterfront

Executive Summary:

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

At its Board meeting on 23 October 2018, LLDC agreed to enter into an Agreement for Lease (AFL) and Lease, Development Agreement, Deed of Covenant and Loan Agreement with the BBC for a site on Stratford Waterfront.

The Board gave its agreement subject to Mayoral consent. Consent is required because the AFL involves land covered by the National Lottery Funding Repayment Agreement, a commitment to dispose of land at less than best consideration, and LLDC providing financial assistance by way of a loan. The GLA will provide grant funding to LLDC of £11 million towards the capital costs of the BBC building.

Decision:

That the Mayor approves:

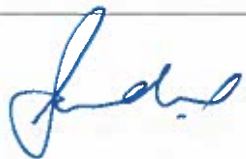
- (i) LLDC entering into an Agreement for Lease (AFL) and Lease, Development Agreement (DA), and Deed of Covenant with the BBC, as part of the East Bank project (for the purposes of paragraph 4.5 of the LLDC Governance Direction 2013);
- (ii) LLDC disposing of land for less than the best consideration that can reasonably be obtained, to which LLDC will be committing by entering into the AFL (for the purposes of section 209(1) of the Localism Act 2011);
- (iii) Consent to the granting of a loan by LLDC to the BBC alongside the AFL (under Section 213 of the Localism Act 2011 Mayoral consent is required to give financial assistance); and
- (iv) Expenditure by the GLA of £11m of grant funding to LLDC towards the capital costs of the BBC building as part of the East Bank.

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:

11/12/12

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

Decision required – supporting report

1. Introduction and background

- 1.1 LLDC has been working closely with the Mayor of London, the Government, University College London, V&A, UAL, Sadler's Wells and the BBC to develop the East Bank culture and education district 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 the Government in November 2014. In December 2014, the then 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 approved under MD 1422. The Spending Review 2015 confirmed Government support for the project and increased the Government capital grant to £151.3m. The MOU has been revised to reflect an updated OBC for the project. In June 2018, the Government confirmed that the Full Business Case for £151.3m funding for the project had been confirmed (subject to conditions).
- 1.3 Mayoral consent was given to LLDC in March 2015 (under MD1473) for it to enter into an Agreement for Lease with UCL (following LLDC Board approval in February 2015) for UCL East at Marshgate (academic facilities) and Pool Street (mixed-use student residential and academic) sites. Following discussions on revised delivery arrangements for the Marshgate facilities, the Agreement for Lease was revised, and a new Mayoral consent was given in February 2018 (under MD2234).
- 1.4 Mayoral consent was given to LLDC in April 2016 (MD1643) to enter into Agreements for Lease with UAL, Sadler's Wells and the V&A for sites on the Stratford Waterfront site adjacent to the London Aquatics Centre. This consent also covered the LLDC granting a loan to UAL alongside the UAL Agreement for Lease (under Section 213 of the Localism Act 2011). Following revised masterplanning on the site, the Agreements for Lease were revised, and a new consent was approved in February 2018 (under MD2234).

The BBC at Stratford Waterfront

- 1.5 The BBC will have new state of the art BBC music studios at Stratford Waterfront which will provide a hub from which to celebrate music of all genres. It will be a circa 8,500 sqm building, to be held by the BBC on a 200-year lease from LLDC. On completion of the Lease, the BBC will enter into a Deed of Covenant to confirm its commitment to support the delivery of strategic objectives at Stratford Waterfront. (LLDC owns the freehold interest in Stratford Waterfront, a 4.2-acre site adjacent to the London Aquatics Centre in QEOP therefore LLDC and its successor bodies, will retain the freehold and manage the public realm, whilst the East Bank partners will be granted long leasehold interests. Under the terms of each of the Agreements for Lease, once obligations on LLDC and the partner have been discharged, the agreements become unconditional whereupon the lease is granted to the partner.) LLDC will enter into construction contracts to deliver the BBC building to shell and core. The BBC will undertake fit-out works.
- 1.6 The cost of the building is to be funded by the GLA supported by Government funding for the East Bank project, as referred to above, with a contribution from the BBC via the loan referred to. The BBC is to fit out the building at its cost.
- 1.7 Detailed information on the terms of the BBC AfL, Lease and ancillary documents is contained in confidential supporting documents to part 2 of this form (because of commercial sensitivity).

It is required in respect of matters relating to the proposal for LLDC to enter into the AfL, Development Agreement, Lease, Loan Agreement and Deed of Covenant with the BBC, and provision of grant funding to the LLDC:

- Consent to enter into the AfL and subsequent Lease for the site under Paragraph 4.5 of the LLDC Governance Direction 2013 (MD1227) as this is a 'Land Transaction' as defined in Clause 2 of the National Lottery Fund Repayment Agreement (NLFRA);
- Consent under Section 209 of the Localism Act 2011 to dispose of land at less than the best consideration that can be reasonably obtained. The reasons for disposal at less than best consideration include the proposed change of use from residential to higher education and culture and the long-term benefits of the East Bank 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 Business Case for East Bank, of which the BBC AfL is a part, and which is supported by the Government, also shows that the expected net benefits are greater than those that would be delivered by the alternative residential housing-led scheme;
- Consent under Section 213 of the Localism Act to give financial assistance by way of a loan from LLDC to the BBC; and
- Consent to give £11m grant funding to LLDC towards the capital costs of the BBC building.

2. Objectives and expected outcomes

- 2.1. The East Bank project, of which the BBC is an integral part, supports LLDC's ability to deliver a meaningful and sustainable legacy from the London 2012 Olympic and Paralympic Games by creating a brand-new destination for London with world-class culture and education at its heart. East Bank will be an exciting new district of London, providing a unique offer to residents and visitors. East Bank 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. East Bank supports a range of priorities including:
 - Economic growth;
 - Enhanced education and skills levels;
 - Sustainable local jobs;
 - Raising local aspirations;
 - Supporting the delivery of a successful and accessible Park; and
 - Helping to redefine Stratford's place in London's economy, as a new heart for east London.
- 2.3. The economic impact assessment undertaken as part of the Full Business Case submitted to the Government estimates East Bank as a whole will create 1,500 jobs, £1.5 billion of economic benefit and 600 new homes. 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. A core purpose of BBC Music is the performing, recording and broadcasting of music across a full range of genres to the widest possible audience. The relocation of its music studios to East Bank is driven by this purpose and builds on the BBC's role as Olympic Broadcaster. The new site will include:

- A new home for BBC Symphony Orchestra, BBC Symphony Chorus, BBC Singers, and BBC Rock & Pop;
- Host recording sessions and live performances across all genres from global stars to emerging talent;
- Studios for experimentation and creativity, with opportunities for arts organisations and the wider community;
- Performances some of which will be public, showcasing a broad range of music; and
- Connections with local music hubs and work with young people, making digital music resources available to schools everywhere.

2.5. These facilities, alongside an extensive programme of learning and outreach projects and collaborations with other cultural and education partners at East Bank will contribute to establishing east London as a world destination for music.

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 the East Bank, 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 characteristics. LLDC undertook a strategic equality impact assessment on its renewed priorities, including its emerging five-year organisational strategy and the East Bank 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 the East Bank have been used to inform the planning process and public consultations. It is anticipated that there will be no adverse impact on equalities issues and any protected characteristic groups.
- 3.3. The BBC building contributes to promoting equalities by serving as an important centre for the BBC's initiative to make music learning available to schools, children and the wider community, and provide a hub to celebrate music of all genres.

4. Other considerations

a) Key risks and issues

- 4.1. There are a number of programme, funding and delivery risks that have been identified that are typical of a project of this scale and complexity. These are covered in Part 2 of this form.

b) Links to Mayoral strategies and priorities

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

- A cleaner, greener London – by providing a building which promotes positive environmental outcomes throughout the design, construction and operational lifecycle;
- Making the most of arts, culture and creativity - by providing high quality and accessible public realm spaces for local people and visitors to enjoy, as well as providing world-class cultural programmes both inside and outside the buildings;

- A fairer and more equal city – through expanding access and participation, and through partnership programmes which deliver equality of opportunity, best practice in inclusive design and accessibility, and support for under-represented groups to work, to gain skills and to access opportunities; and
- Business, prosperity and opportunity – by developing skills and supporting businesses.

c) Impact assessment and consultations

- 4.3. An economic impact assessment was undertaken as part of the Full Business Case submitted to the Government. It showed that the East Bank project overall will generate 1,500 jobs, £1.5 billion of economic benefit for the local economy and 1.5 million additional visitors. The BBC will contribute to the delivery of East Bank strategic objectives and the overall cultural, educational and economic benefits.
- 4.4. Public and pre-application consultations gave 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. Over 7,000 people have engaged with the project through more than 70 events including neighbourhood pop-ups, public exhibitions and workshops, with feedback from the public shaping future plans. The hybrid planning application for Stratford Waterfront has been submitted and the formal period of consultation is underway.
- 4.5. LLDC's Board and Investment Committee, TfL Legal and external legal advisors were consulted during the development of the AFL.

5. Financial comments

- 5.1 The disposal of land at Stratford Waterfront for the BBC building, LLDC's loan to the BBC and the GLA's £11 million grant funding recommended in this decision are reflected in the 2019-20 LLDC budget submission to the Mayor and the GLA's own budget plans. The grant funding is expected to be £7 million in 2021-22 and £4 million in 2022-23. Additional comments are included in part 2 of this decision.

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
Full Business Case approval (subject to conditions)	June 2018
Legacy Corporation enters into Agreements for Lease and associated documents with the BBC	December 2018
Stratford Waterfront Planning application submitted	November 2018
Stratford Waterfront Planning application approved	Spring/Summer 2019
Stratford Waterfront start on site (enabling works)	November 2018
Shell and core work on the BBC Building completed	April 2022
The BBC building scheduled to open	May 2023

Appendices and supporting papers:

Reserved appendices attached to Part 2.

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 AfL is signed.

Until what date: 31 December 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:

Michelle Reeves 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 10 December 2018

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

M. D. Bellamy

Date 10.12.18

CHIEF OF STAFF:

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

Signature

D. Bellamy

Date 10/12/2018.