

## REQUEST FOR DIRECTOR DECISION – DD2532

### Title: London Business Rates Pool -Industrial Intensification Delivery Strategies - Contract Variation of Commercial Consultant

#### Executive Summary:

Mayoral Decision (MD)2363 approved the allocation of £90.89 million from the Strategic Investment Fund (SIF), 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.

DD2283 approved expenditure from the £1 million to appoint a commercial consultant, to advise on delivery and viability across the pilot sites. This DD seeks approval for additional expenditure of £50,000 to increase the contract value as a direct result of additional delivery advice required on the pilot sites.

The expenditure is within the budget of the £1 million allocation under MD2363 and will be incurred during 2020/21 and 2021/22 financial years.

#### Decision:

That the Executive Director of Housing and Land approves:

The variation of the contract, approved by DD2283, to increase the contract value by £50,000 to a total of £310,883 from the £1 million approved for the Industrial Intensification Delivery Strategies, approved as part of the £90.89m SIF allocation through MD2363 in September 2018.

#### 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:** Rickardo Hyatt

**Position:** Executive Director, Housing and Land

**Signature:**



**Date:**

2 March 2021

## **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 (Sept 2018) 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.
- 1.4. The Delivery Strategies 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 across six pilot sites.
- 1.5. The strategies are intended to build planning confidence of partners to deliver projects through industrial intensification, in accordance with policy E7 of the adopted London Plan. The strategies 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 GLA procured Avison Young through the TfL's Property Consultancy and Development Framework to act as a multi-disciplinary Commercial Consultant across the Delivery Strategies. Since October 2018, Avison Young have provided commercial services to support the design evolution of the spatial strategies, ensuring that proposals are market-facing, viable and deliverable.
- 1.7. The pilot sites are advancing beyond the commissioned works of the design team, supporting potential land acquisitions and land assembly proposals. Further commercial advice is required to support strategic masterplanning proposals through local governance processes and determine final delivery strategies and any public sector intervention required to realise project objectives.
- 1.8. The services will remain the same as the previously agreed Commission, approved by DD2283. The supplier would still be bound to the obligations within the contract through the variation to the contract date and contract value.
- 1.9. Officers have agreed the principle of the contract extension with the supplier and TfL procurement colleagues, the value of the extension has been agreed by procurement. To request a different supplier to undertake this extension would carry substantial financial and resourcing implications.

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

- 2.1. The objectives of the Industrial Intensification Delivery Strategies are to:
  - 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;

- 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;
  - provide comfort to GLA investment partners to manage planning and development risk for Industrial Intensification projects on designated industrial land; and
  - demonstrate best practice for industrial intensification strategic masterplanning, in accordance with policy E7 of the London Plan.
- 2.2. Avison Young will continue to provide agency, viability and delivery advice across the pilot sites that are advancing to investible propositions, and where further support is required to turn the delivery strategies into public-facing documents and/or reports for decisions on public sector intervention to optimise the delivery of new homes, new public realm and new industrial space.

### **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 process, due regard has been had to the 'three needs' 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 'three needs'.

### **4. Other considerations**

#### *Links to Mayoral strategies and priorities*

- 4.1. 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 is fundamental in ensuring the spatial strategies are brought forward for delivery, to the next stage of detail.
- 4.2. Industrial protection and intensification -Within the London Plan a key priority is policy E7. The commercial advice is fundamental in ensuring these strategies are deliverable.
- 4.3. Affordable housing delivery - The commercial advice is on planning, values and delivery to aid the maximisation of affordable housing.

#### *Impact assessments and consultations*

- 4.4. There has not been any impact assessment or consultation, beyond the input and advice received from procurement colleagues.
- 4.5. No officer involved in the drafting or clearing of this Mayoral Decision has any interests to declare.

## 5. Financial comments

- 5.1. This decision requests approval for expenditure funding of up to £50,000 to appoint a commercial consultant to advise on delivery and viability across the pilot sites. DD2283 approved expenditure of £260,883 and this additional £50,000 will result in a new increased contract value of £310,883.
- 5.2. The expenditure is within the budget of the £1m allocation under MD2363 and will be incurred during 20/21 and 21/22 financial years.
- 5.3. The forecast spend to date is £659,088 (2018-19 £26,088 , 2019-20 £236,000 and 2020-21 £397,000) with a balance of £340,912 uncommitted against the £1m allocation. Previous decisions submitted based on contracted work include DD2283 (£260,883), DD2393 (£93,800), DD2435 (£84,450), DD 2469 (£107,379) and DD2487 (£84,812).

## 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) are managing the contract variation on behalf of the GLA. The contract variation will increase the contract value by £50,000 and increase the contract period up to March 2022.

## 7. Planned delivery approach and next steps

| Activity                   | Timeline      |
|----------------------------|---------------|
| Extension of contract      | February 2021 |
| Extended Delivery End Date | March 2022    |
| Project Closure            | March 2022    |

## 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? NO**

If YES, for what reason:

Until what date:

### 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:

Guy Hefferin 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.

✓

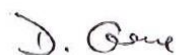
#### Corporate Investment Board

This decision was agreed by the Corporate Investment Board on 22 February 2021.

### EXECUTIVE DIRECTOR, RESOURCES:

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

**Signature**



**Date**

2 March 2021