

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2473

Title: Hindmans Way road infrastructure upgrade (pursuant to EastPlus development agreement)

Executive Summary:

This Mayoral Decision seeks approval of expenditure of £4.89m to fund the upgrade of Hindmans Way, a private highway owned by GLA Land and Property Limited (GLAP) in Dagenham Dock, in the London Borough of Barking & Dagenham. The road upgrade works will enable the development of a number of employment sites, including two sites in GLAP ownership. It will remove a residual liability for GLAP as the completed road will be offered to the local highway authority for adoption. The works will be undertaken by SEGRO, GLAP's partner in the EastPlus joint venture which was set up through a development agreement to develop a portfolio of GLA-owned industrial land and property in east London. The costs of the works will be deducted from GLAP's capital receipts arising from their development agreement with SEGRO.

Decision:

That the Mayor approves:

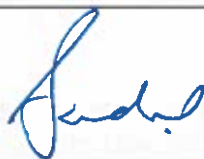
- Entering into a deed of variation to an existing development agreement with SEGRO Development Properties Ltd, so that the delivery of the proposed highway works, and a construction oversight methodology can be included;
- Expenditure of up to £4.89m in 2019-2020 for the upgrade of Hindmans Way in Dagenham Dock, in the London Borough of Barking & Dagenham, to be funded from an adjustment to the GLA Land and Property Limited ('GLAP') capital receipt from their EastPlus development agreement with SEGRO; and
- GLAP entering into an agreement under s.38 of the Highways Act (or a similar legal arrangement) for the adoption of Hindmans Way by the local highway authority, and providing a bond (or refundable deposit) designed to ensure completion of the works to an adoptable standard.

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:

11/6/17

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

Decision required – supporting report

1. Introduction and background

- 1.1. GLA Land and Property Limited (GLAP), a company wholly-owned by the Greater London Authority (GLA), has an agreement with SEGRO Development Properties Ltd (SEGRO) to develop a portfolio of industrial land and property in east London that GLAP owns. MD1620 approved the selection of SEGRO, and a development agreement (DA) established the EastPlus joint venture entity between GLAP and SEGRO which is carrying out the development of this portfolio.
- 1.2. During the lifetime of the entity, EastPlus will regenerate over 90 acres of underused brownfield land in the London Boroughs of Havering, Newham, and Barking & Dagenham. This will deliver an estimated 130,500 sq.m. of new employment space and generate several thousand jobs.
- 1.3. In November 2016, *SEGRO Park Newham* was launched and has been fully pre-let to three businesses – DPD, DHL, and Travelodge – creating up to 250 jobs. In November 2017, *SEGRO Park Rainham* was launched; its first phase comprises a modern 23,000 sq.m. industrial park in Havering, and its second phase will deliver a further 10,000 sq.m. of industrial space.
- 1.4. The joint venture is now turning its efforts to Barking & Dagenham. It has launched *SEGRO Park Dagenham* which includes 20.6 acres of industrial land, divided into six vacant development plots. Two of these plots – plots 8 and 9 (shown in an aerial photograph in the Appendix) – are only accessible from a private road called Hindmans Way, owned by GLAP.
- 1.5. Hindmans Way is in poor condition, not fit for purpose, and unsuitable for current traffic movements. Whilst the road remains in its current state and condition, these plots cannot be pre-let or sold. The proposal outlined in this MD is to bring the private highway (which extends from its junction with Choats Road to its junction with Thunderer Road) up to the necessary standard for it be offered by GLAP to the local highway authority for adoption.
- 1.6. Whilst there is a collaborative approach to delivering the EastPlus project, there is no contractual obligation on SEGRO to undertake or to pay for the cost of improving Hindmans Way. The highway remains a significant ongoing liability for GLAP and needs investment.
- 1.7. The EastPlus development agreement permits SEGRO to deduct abnormal costs of development – including providing new infrastructure – when paying for the development plots in the portfolio. It is proposed that the existing development agreement is varied to include necessary *off-plot* road upgrade works proposed under this MD.
- 1.8. The budget for the Hindmans Way upgrade has been independently reviewed for value for money by GLAP's cost consultant, Lambert Smith Hampton (LSH). The budget will cover:
 - (i) Planning, designing, and constructing improvements to Hindmans Way necessary for its adoption (in part or whole) by the London Borough of Barking & Dagenham, including statutory fees and costs, as well as a contingency to cover adverse ground conditions and the risk of material changes being required by the local highway authority's engineer during inspections;
 - (ii) Retaining the services of the project's cost consultant to monitor approved expenditure against this budget, including attending site meetings with the contractor; and
 - (iii) An estimate of the post-completion cost (a 'commuted sum' payable to the local highway authority) plus the legal fees of both parties of getting the highway adopted.

- 1.9 The construction works for Hindmans Way have been competitively tendered by SEGRO to five independent contractors, with the final price scrutinised by LSH.
- 1.10 The cost of the construction works will be certified by Feasibility, SEGRO's quantity surveyor and cost manager who will owe a duty of care to both to their client and to GLAP. Delivery against the cost plan for the highway upgrade will be monitored by Lambert Smith Hampton (LSH) for GLAP. The Strategic Property & Projects team within the GLA's Housing and Land team will manage and have oversight of GLAP's responsibilities to SEGRO and the local highway authority for the works and for the highway adoption process, the latter with legal support from TfL Legal.

2. Objectives and expected outcomes

- 2.1 The objective is the disposal of a legacy liability inherited by GLAP from the London Development Agency (LDA), namely Hindmans Way (a dilapidated and potentially unsafe shared-access private highway), by bringing the infrastructure up to an adoptable standard using existing contractual arrangement (the EastPlus development agreement).
- 2.2 The highway upgrade will assist in the regeneration of the wider Dagenham Dock industrial area by improving accessibility to underused brownfield employment land and by reducing the risk of pluvial (surface water) flooding for local businesses.
- 2.3 These works should help to improve local employment opportunities by creating a safer environment for all road users (e.g. by improving street lighting and signage, and by establishing a more defined highway curb), and by helping to improve the presentation of plots and business premises fronting the south section of Hindmans Way. They will also directly benefit those employed to undertake the groundworks.
- 2.4 The investment will enable the highway to be offered to the London Borough of Barking & Dagenham Highways for adoption. This will take place at least 12 months after practical completion of the improvement works, subject to inspections and payment by GLAP of statutory fees and other costs.

3. Equality comments

- 3.1. An evaluation has concluded that the proposed infrastructure works have not identified any issues that adversely affect any groups with protected characteristics. Once completed the new infrastructure will be available for all the community.

4. Other considerations

- 4.1. The key risks are: (i) planning and construction delays adding to the overall cost; and (ii) the risk of the completed works not being fully compliant with the standards for adoption.
- 4.2. The works received detailed planning permission from LB of Barking & Dagenham in January 2019.
- 4.3. A cost consultant appointed by GLAP will monitor the works against programme and will advise on mitigation measures if/ when faced with the prospect of unforeseen additional cost or delay.
- 4.4. Once adopted, the liability for the maintenance and cleaning cost of the highway will transfer to the Borough. Enforcement of parking and loading/ unloading on the highway will also pass to the local council, making it safer for all highway-users including, for the first time, cyclists through the provision of a new cycle/ footpath.
- 4.4. This decision will support a Mayoral priority on providing safer cycling routes in London and is pursuant to the Housing and Land team's strategy for managing out legacy liabilities.

5. Financial comments

- 5.1 This decision requests approval for expenditure of £4.89m for the upgrade of Hindman's Way in Dagenham Dock to improve access to underused brownfield land. The road will then be adopted by the London Borough of Barking and Dagenham.
- 5.2 The expenditure will be funded from GLAP receipts from the sale of land in the EastPlus portfolio. There is provision in the EastPlus development agreement with SEGRO, who will be upgrading the road, for the cost of it to be deducted from sale receipts. However the last land receipt was paid to GLAP gross, before deduction of the costs of the work set out in this decision. The work will therefore be funded from GLAP.

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:
- Promoting economic development and wealth creation in Greater London;
 - Promoting social development in Greater London; and
 - Promoting the improvement of the environment in Greater London.
- 6.2 In formulating the proposals in respect of which a decision is sought, officers confirm they have complied with the GLA's related statutory duties to:
- Pay due regard to the principle that there should be equality of opportunity for all people;
 - Consider how the proposals will promote the improvement of health of persons in Greater London, promote the reduction of health inequalities between persons living in Greater London, contribute towards the achievement of sustainable development in the United Kingdom and contribute towards the mitigation of or adaptation to climate change in the United Kingdom; and
 - Consult with appropriate bodies.
- 6.2 Sections 1 - 3 of this report indicate that the decision requested of the of the Mayor falls within the GLA's statutory powers.

6. Planned delivery approach and next steps

Activity	Timeline
Procurement of contract	Already procured
Announcement	Not applicable
Delivery Start Date [for project proposals]	April / May 2019
Final evaluation of project	May 2019
Delivery End Date [for the Works]	by end March 2020
Project Closure [for adoption]	31 March 2021 – June 2021

Appendices and supporting papers:

- LSIP (SEGRO Pk Dagenham) aerial
- Hindmans Way photographs

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

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:

Christopher Broster has drafted this report in accordance with GLA procedures and confirms the following:

✓

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:

James Murray 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 3 June 2019.

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

M. D. Belle

Date

30.19

CHIEF OF STAFF:

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

Signature

D. Bellamy

Date

10/6/2019.

