

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2174

Title: Old North Woolwich Station

Executive summary

The revised project looks to secure the Grade II listed Old North Woolwich Station and adjoining land as a future public workspace for artists, local residents and creative businesses, as part of an ambitious regeneration scheme for North Woolwich. The project originally envisaged acquisition of leasehold interests in the station and adjoining land, but the decision by the freeholders of the station building (House Mill Trust) to place the building on the open market, puts a key part of the project at risk. However, it also presents a unique opportunity to secure the long-term future of the building, and to develop a project offering substantial community benefit. Purchasing the station building will mean further fundraising is required to undertake works to the site. Securing the freehold and adjacent leasehold interests of the site would make the site a more attractive proposition to relevant heritage and culturally focused funding bodies.

Decision

The Mayor approves:

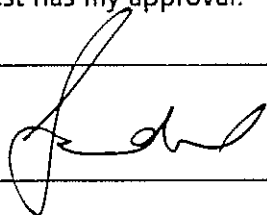
- The GLA's receipt and use of a £324,000 capital funding contribution from Crossrail toward the costs of the North Woolwich old station Project; and
- A related variation to the GLA's London Regeneration Fund Grant Agreement with the London Borough of Newham in relation to the North Woolwich old station project to reflect the increase in funding available and incorporation of additional milestones arising from the London Borough of Newham's procurement of the Grade II listed former station.

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:

14/9/17

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

Decision required – supporting report

1. Introduction and background

- 1.1 The proposed project variation will secure an important asset in the Grade II listed Old North Woolwich Station, vacant since 2009, and establish new and productive uses for the adjacent sites Grade II listed Old North Woolwich Station, as a public workspace for artists, local residents and creative businesses. Subject to securing further funding, the enhanced project would include the renovation of the station itself to expand this provision. The GLA is currently providing grant funding to the London Borough of Newham (LB Newham) as a contribution to its costs of the Project, who are in turn working with Create London an arts charity which will deliver the Project and eventually be responsible for overseeing the maintenance and management of the station building
- 1.2 North Woolwich is an area about to undergo major physical and economic change brought about by the arrival of Crossrail. However, despite the many opportunities afforded, the area faces a number of challenges. Recent studies by LB Newham show that the area has some of the highest levels of resident dissatisfaction in the borough. As well as safeguarding a local landmark building, this Project will create a significant new cultural and workspace amenity in an area with very little existing cultural infrastructure.
- 1.3 GLA funding of up to £648,000.00 was awarded to LB Newham in 2016 as contribution to the costs of its North Woolwich old station Project following Mayoral approval being granted under cover of MD1596 (£363,000.00) and MD1651 (£285,000.00). This GLA funding has unlocked £324,000.00 capital funding from Crossrail, as well as a minimum of 10 years of significant in-kind support from LB Newham via its relationship with Create London and Open School East (which is a free artists study programme with a commitment to foster cultural, intellectual and social exchanges between artists and the broader public).
- 1.4 The former station building is currently owned by the House Mill Trust (formerly River Lea Tidal Mill Trust) (*Appendix 01, Figure 04, area 2*) who also have a 70 year lease on part of the former trackland to the rear of the station (hatched area in Figure 04).
- 1.5 TfL are the freeholders of the land to the rear of the station building, and are in discussions for the grant of a 20 year lease on the former track land (*Appendix 01, Figure 04*) to Create London who, as noted above, are working with LB Newham in the delivery of the Project.
- 1.6 The station building would provide a number of high quality studio workspaces for creative businesses and artists. The Project would bring back to life an important local landmark with the fit out sensitive to the existing building, which is Grade II listed, as well as running a rigorous programme of training and education.
- 1.7 In addition to new high quality workspace, the enhanced Project, subject to further funding, will develop 8000 square metres of adjacent derelict land into a space for outdoor workspaces and studios, light industrial workspace and a new community garden. LB Newham will procure Create London's involvement of the community in the development and programming of these spaces.
- 1.8 As well as drawing in new creative businesses and professionals into the area, the enhanced Project would look to forge new links between the creative businesses, resident artists and hard-to-reach members of the existing community through a series of ongoing events and intensive engagement sessions (50 cultural events and engagement sessions annually). LB Newham's delivery of these will be managed by Open School East.

- 1.9 This enhanced Project will help deliver the aspirations of the Royal Docks Economic Vision, providing opportunities for local residents to develop new skills and for North Woolwich to become a more distinctive and prosperous area. It is recognised by the Strategic Project and Property team in Housing and Land that the Old North Woolwich Station Project would bring huge regeneration benefits to North Woolwich and the wider Royal Docks, stimulating new activity in the area, improving the skills of local people and opportunities for their inclusion in the neighbouring area's future development. It will also seed a creative workspace network in the Royal Docks, alongside other LRF projects such as the Silver Building (former Carlsberg Tetley office space, now being refurbished for use as creative workspace by the Mill Co Project), at a time when workspace provision is becoming an issue for London as a whole.
- 1.10 The Project has also been earmarked as a flagship project for the Mayor's nascent Creative Land Trust, which will provide faster financing for studio providers looking to buy their buildings, and will be able to hold property for use as permanent affordable workspace for artists.

2. Purchase of the former Station building

- 2.1 Following 6 months of largely positive lease negotiations with the freeholders of the station building (House Mill Trust (HMT)) HMT have informed LB Newham's project partner, Create London, that they wish to sell the building freehold on the open market as a means of proving best value to the Charity Commission. There would be no guarantee that Create London or any other studio provider would be able to secure a lease from the new owners.
- 2.2 HMT are intending to place the building on the market from the 9th to the 20th September 2017. Offers are sought for the freehold interest in excess of £275,000.00 and with the provision of profit sharing on any development in the future to the rear land. Offers are to be submitted no later than Wednesday 20th September, confirmation of offers being accepted by 29th September and exchange of contracts no later than 13th October with completion by Tuesday 31st October.
- 2.3 Sale of the building to another party would risk losing a unique opportunity to secure an at-risk heritage asset with a long term use that delivers substantial benefits to the existing community, as well as losing a building earmarked for the Mayor's nascent Creative Land Trust initiative.
- 2.4 It is proposed therefore, to assist with LB Newham's optimisation of its Project, the outcomes of which align with mayoral priorities, that additional funding (enabled by the Crossrail contribution) is made available as a contribution to its costs of procuring Create London's purchase of the freehold of the building and to secure the long-term leases to the rear of the station. An offer would be made based on the open market value of the property backed by a professional valuation of the building and the use proposed by Create London (artist workspace and associated community use). The funding made available to LB Newham for this purpose will be capped (details of cap in part 2 of this MD). The existing funding agreement with LB Newham will be varied accordingly with appropriate milestones and conditions for release of the funding, including a condition that the property interests being acquired cannot be disposed or otherwise dealt with without prior written LB Newham and GLA consent.

Risks and implications

Revised set of outcomes for the LRF Project

- 2.5 Using LRF funds to purchase the station building will mean there won't be sufficient budget to undertake any of the planned works.

Current agreed outputs

- 425sqm of improved commercial space
- 1 vacant building brought back into use

- 8000sqm of improved public realm
- construction jobs, 8 jobs created, 7 jobs safeguarded
- 16 businesses supported
- 50 cultural events held

- 2.6 There is still a clear intention from LB Newham to deliver the full outcomes agreed with the GLA. However, these would be beyond the LRF timelines and would be delivered using other funding sources which have not yet been secured. GLA Officers from the Regeneration team, Culture and Creative Industries Unit and the Royal Docks team would work to help secure additional funding.
- 2.7 LB Newham via Create London are in the process of developing bids to Big Lottery, as well as Heritage England and HLF, all of whom have expressed their interest in supporting the Project. Other funders could include Studiomakers, a key partner in the emerging Creative Land Trust partnership. Create London have a proven track record of fundraising for substantial capital projects, including Blackhorse Workshop and A Home for Artists. The security offered by the freehold, the long lease on the land to the rear, and the potential association with the Mayor's flagship Creative Land Trust initiative, would likely make the Project considerably more attractive for any funding partner.
- 2.8 If the GLA and LB Newham are unable to facilitate Create London's acquisition of the building, Create London would still be in a position to deliver a high quality, viable scheme on part of the land to the rear of the station building. This scheme could be delivered on just the land held by TfL (Appendix 01, Figure 03), without the need for any need to access to land leased to or held by the HMT. In the event of a failure to acquire the building, GLA officers will seek relevant authorisation to progress this alternative scheme.
- 2.9 Timescales for LRF spending
Purchasing the building could offer an opportunity to spend LRF money quickly within the timescales of London Regeneration Fund programme (all GLA money spent by April 2018). However, there is a risk that any attempt to purchase the building could be subject to protracted negotiations, with no guarantee of a successful outcome. It is therefore proposed that any offer be conditional on both sides meeting an agreed timetable that allows for LRF spend to occur within the spending deadlines of the LRF Programme (all GLA spend complete by April 2018) and alongside the timetable for programme completion.

3. Receipt of Crossrail funding contribution

- 3.1 The funding from Crossrail is as a payment in lieu of the discharge of Crossrail's obligations pursuant to Schedule 7 of the Crossrail Act 2008 to restore the land west of Store Road (*Appendix 01, Figure 04, area 3*). Securing this money will be subject to securing planning permission for the works. A planning application has now been submitted for the wider site, with a decision due by the end of September.
- 3.2 Create London are proposing to develop a light industrial structure on the site for use by creative and social enterprises requiring larger spaces operate (*Appendix 02*). Vacancy rates for mid-sized, light industrial is below frictional vacancy rates, a trend driven by high demand for this type of space and the loss of these to residential-led redevelopment (GLA, London Industrial Land Supply and Economy Study, 2015). This Project will be a vital contribution to providing high quality industrial space, and can act as an exemplar project for innovative arts organisation to find new means of addressing the issues around the supply affordable workspace.
- 3.3 Crossrail wish to transfer their funding contribution to the GLA, with an associated funding letter that would require the GLA to carry out works as set out in the planning application.

- 3.4 Obligations to carry out works on the land west of Store Road will be passed on to LB Newham via the amended Grant Agreement. GLA officers will work closely with the borough and their delivery partners to ensure that works are carried out in compliance with the conditions of the Crossrail contract, the Planning Permission secured, amended funding agreement and any other relevant conditions.

Risks and implications

- 3.5 The proposal has been costed and can be delivered with the funding contribution from Crossrail and part of the LRF allocation.
- 3.6 Additional funding would be administered through an existing LRF Grant Agreement, which is already overseen by the GLA Regeneration team. As a result there would be no additional resource required to oversee or administer the funding. Use of the existing Grant Agreement requires an amendment via a Deed of Variation.
- 3.7 The proposal will require planning permission from LB Newham to proceed. To date there has been positive engagement with LBN's Planners and there is no reason to believe that the planning application will be in any way contentious.

4. Equality comments

- 4.1 The project partners are currently supported by officers from GLA and LB Newham to ensure development and delivery of the Project is in compliance with relevant Codes of Practice and in line with the requirements of the public sector equality duty.
- 4.2 Operational Policies: the operation of the future building and garden has been assessed in terms of accessibility to ensure the minimisation of disadvantages suffered by people who share a protected characteristic: age, disability, gender reassignment, pregnancy and maternity, race, gender, religion or belief, sexual orientation.
- 4.3 Documents and publications: all documents to be produced have been encouraged to comply with Mayor of London branding guidelines, it being based on guidance from the Royal National Institute of Blind People. Where possible accessible formats will be available.
- 4.4 Events: all Project consultations and events have been strongly encouraged to be open to all and, where possible, partners will encourage people who share a protected characteristic to participate in any activity in which their participation is disproportionately low.
- 4.5 The tenant/operator will liaise with all sub-tenants and support recipients to ensure they share the public sector equality duty. This will be re-confirmed in the grant award arrangements to ensure delegation is clear.

5. Other considerations

- 5.1 It is anticipated that LRF money would be enough to secure the building, but would not stretch to cover any remediation works to the station building itself. Repair and remediation works will not be able to begin until further funding has been secured. However, these risks should be judged in the context of Create London's proven track record in fundraising for substantial capital cost projects, as well as the attractiveness to any potential funding body of Create London, as a future funding applicant, owning the freehold of the building.

- 5.2 A risk remains regarding the potential for costs associated with repairs to a listed building. This is mitigated by the preparatory studies that have been undertaken to identify project costs. The tenant/operator will also be asked to build a surplus to be used on the building fabric although this is not guaranteed.
- 5.3 Whilst the Project has been re-scoped to take advantage of available funds – there remains a risk that the full Project funding cannot be achieved. There is of course a further risk that the current and future tenant/operators are unable to operate a sustainable financial model. To mitigate against both of these issues LB Newham and its project partners will be required to operate open book accounting whereby the GLA project manager will be able to keep abreast of financial performance alongside operational performance on a monthly basis. The GLA and the project board will advise on changes to scope, and on possible funding opportunities to keep operations within budget.

6. Financial comments

- 6.1 This decision form is seeking approval to vary the funding agreement with LB Newham in relation to the North Woolwich project for the acquisition of North Woolwich old station building and to accept match funding from Crossrail. The financial implications for the GLA are set out in Part 2.

7. Legal comments

- 7.1 The foregoing sections of this report indicate that:
- 7.1.1 the decisions requested of the Mayor concern the exercise of the general powers of the GLA falling within its powers to do anything which is facilitative of or conducive or incidental to the promotion of economic development and wealth creation in Greater London; and
 - 7.1.2 in formulating the proposals in respect of which a decision is sought officers have complied with the GLA's related statutory duties to:
 - (a) pay due regard to the principle that there should be equality of opportunity for all people;
 - (b) consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom; and
 - (c) consult with appropriate bodies.
- 7.2 In taking the decisions requested, the Mayor must have due regard to the Public Sector Equality Duty; namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010, and to advance equality of opportunity between persons who share a relevant protected characteristic (race, disability, gender, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment) and persons who do not share it and foster good relations between persons who share a relevant protected characteristic and persons who do not share it (section 149 of the Equality Act 2010). To this end, the Mayor should have particular regard to section 4 (above) of this report.
- 7.3 Should the Mayor be minded to approve the proposals in respect of which decisions are sought officers must ensure:
- 7.3.1 before any reliance is placed upon or commitment is made in respect of the use of the Crossrail funding, that a legally binding commitment on Crossrail to provide the same to the GLA is put in place and the GLA can comply with any terms of the same;

- 7.3.2 before an commitment is made to the provision of additional funding and variation of the current funding agreement a deed of variation is put in place between and executed by GLA and LB Newham in accordance with the relevant provisions of the current funding agreement.

8. Planned delivery approach and next steps

Activity	Timeline
Any subsequent approvals i.e. MD or DD [if applicable]	n/a
Complete initial design work	August 2017
Station building on the market	9 -20 September
Planning decision on wider station masterplan	End September 2017
Delivery Start Date	October 2017
Final evaluation start and finish	April 2017 - April 2018
Delivery End Date	April 2018
Project Closure	April 2018

Appendices and supporting papers:

Appendix 01 – maps of the site

Appendix 02 – masterplan for the North Woolwich station site, submitted to LB Newham as part of the planning application

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? NO

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:

Alex Marsh has drafted this report in accordance with GLA procedures and confirms the following have been consulted on the final decision.

✓

Sponsoring Director:

Fiona Fletcher-Smith has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

Jules Pipe 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 the 11 September 2017.

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

12.9.17

CHIEF OF STAFF

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

Signature

D. Bellamy

Date

13/9/2017.