

PART 2 – CONFIDENTIAL FACTS AND ADVICE

MD1224

Title: Granting a 998 year lease to the Land Trust at a peppercorn rent of Southern Park, Greenwich Peninsula

Information may have to be disclosed in the event of a request under the Freedom of Information Act 2000. In the event of a request for confidential facts and advice, please consult the Information Governance team for advice.

This information is not for publication until the stated date, because:

This information is commercially sensitive and if released into the public domain may affect the future costs of maintaining the Park when the existing contract is re-tendered during this financial year.

Date at which Part 2 will cease to be confidential or when confidentiality should be reviewed: **April 2014**

Legal recommendation on the grounds of keeping the information confidential:

The information in Part 2 below is information the disclosure of which would be likely to prejudice the commercial interests of the GLA/GLAP. It is therefore covered by Section 43(2) (commercial interests) of the Freedom of Information Act 2000. It contains information as to the breakdown of annual maintenance costs and other commercial options available to the GLA/GLAP, which if disclosed would adversely affect the GLA/GLAP's ability to renegotiate the new maintenance contracts at the end of this financial year and to negotiate the terms of the disposal to the Land Trust.

Legal Adviser - I make the above recommendations that this information should be considered confidential at this time

Name: Edward Limbrey

Date: 8 May 2013

Once this form is fully authorised, it should be circulated with Part 1.

Confidential decision and/or advice:

1. The total annual maintenance cost for the Southern Park is £30,981 broken down as follows:

- £21,940 for planned works
- £3,000 on average for unplanned works
- £2,750 for street lighting electricity costs
- £3,291 management fee set at 15% of planned works.

This equates to approximately £ 28 per annum per home, but the cost will reduce as more homes are built.

2. In its option appraisal the Homes and Communities Agency considered the following options:

- Leasing the Park to the Royal Borough of Greenwich (RBG) – RBG initially expressed an interest in taking over responsibility for the Southern Park, but at the same time voiced concerns at assuming responsibility for maintaining it to the current high standards.

RBG also indicated that if it took over responsibility for the Park, it would:

- seek a payment from the Homes and Communities Agency to fund future capital replacement costs; and
 - require a higher annual management fee than currently charged to the Greenwich Millennium Village residents.
- The Homes and Communities Agency was concerned that landscape and cleansing standards might deteriorate under RBG's management given the pressure on local authority budgets which in turn might reduce the use of the amenity space by local residents.
 - Lease to Greenwich Millennium Village Management Ltd – whilst this management company has a clear remit and interest in the long term management of Southern Park, they were not interested in taking on the responsibility for managing and maintaining it.
 - Lease to Greenwich Peninsula Regeneration Limited (GPRL) – this company is the master developer for the northern section of the Peninsula, and it was asked if they would be interested in the taking over the management of the Park. It declined as the company had not yet set up an estate management company to manage its own estate and it was more focused on delivering future development.
 - Lease to an alternative land management company – the Homes and Communities Agency was unable to find a suitable company who would agree to such a long lease period or would not charge additional start-up costs. In addition such a company would probably aim to generate a higher profit margin or management fee that would be passed onto the GMV residents through the service charge.
 - Open Market disposal – this option was discounted as the GLA would lose its influence over the Park and there would be no guarantee that the park would remain a publicly accessible amenity in perpetuity. The ability to levy the service charge would also fall away under the third party clause.
 - Lease to the Land Trust – the Land Trust agreed to maintain the Southern Park within the annual cost of £30,982 (plus the annual RPI increase) until March 2014 when the grounds maintenance contract will be retendered, to maintain the management fee at the current level of 15% of planned works. In addition, the Land Trust has not sought any capital replacement costs.

3. Legal Comments

- Section 333ZC of the GLA Act provides that the GLA may not dispose of land held by it for the purposes of housing and regeneration for less than the best consideration which can reasonably be obtained unless the Secretary of State has given his consent. In this case, as the land is required to be maintained as Metropolitan Open Space at an annual cost of over £30,000, it has no market value. Accordingly it is considered that best consideration for the disposal of Southern Park has been obtained in compliance with Section 333ZC of the GLA Act and the Secretary of State's consent to the disposal is not required.