

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD2926

**Title: Long leasehold sale of substation land on EastPlus Plot 24, Ferry Lane, Rainham**

### Executive summary:

This Mayoral Decision (MD) seeks approval for GLA Land and Property Limited (GLAP) to progress the long-leasehold sale of a small plot of land within EastPlus Plot 24, Ferry Lane, Rainham, for a planned new electrical substation to support local industrial development in London Riverside.

The disposal to a local network operator, Eastern Power Networks Plc, will provide an electrical supply to two GLAP-owned development plots in the EastPlus industrial development portfolio; and to some other businesses in the Lower Ferry Lane area of Rainham in east London. The new substation will release GLAP-owned infrastructure land in Ferry Lane for new industrial space when a redundant substation (that the new substation is intended to replace) is demolished, therefore providing a catalyst for the regeneration of the area.

### Decision:

That the Mayor approves:

- i. the long-leasehold disposal by GLAP of substation land within EastPlus Plot 24, Ferry Lane, Rainham, to a local network operator, Eastern Power Networks Plc, for a nominal sum (£1 if demanded or a peppercorn)
- ii. expenditure of up to £20,000 by GLAP on legal fees associated with the surrender of an existing lease of a redundant electrical substation and the grant of a new lease of land for a replacement substation on EastPlus Plot 24, Ferry Lane, Rainham.

### 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:**

31/3/22

## **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) inherited several plots of industrial land in Ferry Lane, Rainham, from the London Development Agency in 2012.
- 1.2. The land forms part of a property portfolio in east London that is the subject of a development agreement with SEGRO Properties Limited (SEGRO), and is being prepared for industrial redevelopment in phases over a 10-year period in accordance with the EastPlus Development Agreement (EastPlus DA), pursuant to MD1620.
- 1.3. The land includes EastPlus Plot 24 (formerly known as 'Workspace'), in Ferry Lane, a circa 0.98-hectare vacant and unused industrial plot, save for an existing redundant electrical substation that is long-leased to Eastern Power Networks Plc, a local network operator (LNO). The substation is no longer fit to supply the future energy needs of customers in the local area, having regard to plans to redevelop two GLAP-owned vacant plots in Ferry Lane.
- 1.4. Whilst the existing substation has not been used for a considerable period of time, the LNO has a long lease of the GLAP-owned land in EastPlus Plot 24 on which its plant stands.
- 1.5. The LNO is prepared to own and operate a new substation in a less intrusive area within EastPlus Plot 24 when: its existing substation lease is surrendered (i.e., terminated by mutual agreement with its landlord, GLAP); and, simultaneously, a new long lease for a similar term (99 years from legal completion) is granted for the replacement substation.
- 1.6. No purpose is served by GLAP retaining the existing substation lease; it does not generate income.
- 1.7. The grant of the long lease for the new substation will remove an impediment to the planned redevelopment of GLAP's land, and the new lease will be better for GLAP to manage, incorporating modern estate management (including access) provisions.
- 1.8. There will be no lease premium for the grant of the new lease because this cost would only be capitalised by the LNO and passed back to GLAP.
- 1.9. The long-leasehold disposal of the substation land is supported by GLAP's industrial development partner, SEGRO; and by the local planning authority, the London Borough of Barking & Dagenham, which has granted planning consent for the construction of the replacement facility.
- 1.10. The disposal is consistent with Policy E7 of the London Plan (intensification, co-location and substitution of industrial land), and will lead to more employment space and jobs being created in Ferry Lane.

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

- 2.1. The central objective of this decision is to: take back full control of land on which a redundant substation stands so that it can be demolished by GLAP's development partner, SEGRO, which it plans to do in (or by) April 2022; and enable the LNO to operate a new substation in another part of Ferry Lane, where its presence is less restrictive to future redevelopment, whilst supplying more customers.
- 2.2. Retaining the existing substation in its current location would stifle GLAP's redevelopment plans.
- 2.3. The proposed sale is consistent with GLAP's land and property disposal policy.

### **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: eliminate unlawful discrimination, harassment and victimisation; advance equality of opportunity between people who share a relevant protected characteristic and those who do not; and foster good relations between people who share a relevant protected characteristic and those who do not.
- 3.2. Protected characteristics under section 149 of the Equality Act are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation, and marriage or civil partnership status.
- 3.3. Throughout the decision-making process relating to the approvals being sought in this Decision Form to facilitate the property disposal, due regard has been had to the 'three needs' outlined above. An evaluation has concluded that the sale has not identified any issues that adversely affect any groups with protected characteristics.

### **4. Other considerations**

- 4.1. After the simultaneous surrender and grant of the substation lease, SEGRO will be able to demolish the existing substation and complete the ground remediation of the plot on which it stands.
- 4.2. GLAP will then be closer to contracting with SEGRO for the long leasehold disposal of EastPlus Plot 24 and an adjacent plot, EastPlus Plot 26 in Ferry Lane, for two new medium-sized industrial units, subject to a further Mayoral Decision authorising that sale in accordance with the EastPlus DA.
- 4.3. It is customary in the industry for the LNO's customer to pay the LNO's legal costs in such property transactions. This is expected of GLAP.
- 4.4. There is very little risk of these transaction costs being abortive because the interests of both GLAP and the LNO are aligned.
- 4.5. There are no conflicts of interest to note for any of those involved in the drafting or clearance of the decision.

### **5. Financial comments**

- 5.1. The decision is seeking approval for GLAP to enter into a long-lease sale agreement with Eastern Power Networks for the disposal of part of EastPlus Plot 24 site, to build a new electrical substation; and for Eastern Power Networks to simultaneously surrender its lease at EastPlus Plot 24, where the old substation is located, to GLAP. The new lease agreement would be for a period of 99 years.
- 5.2. The sites do not generate income. The lease agreement and the surrender would be for a nominal value of £1.
- 5.3. The decision is also seeking approval for a budget of £20,000 to meet the legal cost for the grant of the new lease, and the surrender of the existing lease.
- 5.4. Separate specialist Stamp Duty Land Tax (SDLT) advice should be taken since GLAP will be acquiring an interest in land (the Eastern Power Networks surrender). This will also require the completion and submission of an SDLT return by GLAP. The SDLT adviser should be asked to complete the form on behalf of 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 that 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
  - 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
    - contribute towards the mitigation of or adaptation to climate change in the United Kingdom
  - consult with appropriate bodies.
- 6.3. Sections 1 to 3 of this report indicate that the decision requested of the Mayor falls within the GLA's statutory powers.

## 7. Planned delivery approach and next steps

- 7.1 It is expected that the leasehold disposal will be achieved in accordance with the following timetable:

Activity	Timeline
Drafting of the new substation lease on EastPlus Plot 24	March 2022
Legal completion of the new substation lease – expected	early April 2022
Demolition of existing redundant substation	April 2022

### Appendices and supporting papers:

Appendix 1 – Key terms of new substation lease, with a plan (NTS) of the lease demise (shown edged red).

**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:**

Rickardo Hyatt has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

**Mayoral Adviser:**

Tom Copley 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 28 March 2022

✓

**EXECUTIVE DIRECTOR, RESOURCES:**

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

**Signature**

**Date**

*D. Gove*

28/3/22

**CHIEF OF STAFF:**

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

**Signature**

**Date**

*D. Bellamy*

28/3/22

