

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD2072

### Title: Disposal of part of the King George V Dock to London City Airport

#### Executive Summary:

London City Airport has secured a confirmed Compulsory Purchase Order to acquire land at the King George V Dock to enable its airport expansion programme to be delivered. However, to avoid the necessity of exercising the powers London City Airport (LCA) and GLA Land and Property Ltd (GLAP) have reached a commercial agreement for a freehold transfer of the required land; this paper sets out the terms of the proposed transfer and the reasons that this route is preferred.

#### Decision:

The Mayor is asked to approve:

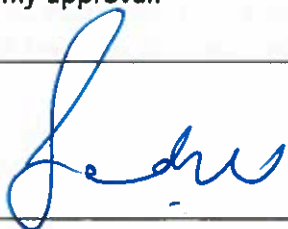
- the freehold disposal of the land identified in Appendix 1 in accordance with the specified terms
- payment to RoDMA arising from the required surrender of land interest.

#### 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:

10/2/17

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

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1. In August 2016 London City Airport (LCA) obtained Secretary of State confirmation of The London City Airport Limited (King George V Dock) Compulsory Purchase Order (CPO) 2015 (“the Order”) to acquire the land necessary to deliver the airport’s expansion programme. This followed a CPO Inquiry in May 2016 at which the airport presented evidence setting out its case and the reasons for the acquisition of land.
- 1.2. When the order was originally made in September 2015 GLAP objected to the use of LCA’s CPO powers, the arguments were explained in the objection submitted and addressed: (A) Failure to negotiate in good faith (B) No compelling public interest (C) Excessive extent of acquisition and (D) Lack of deliverability.
- 1.3. However, as a result of the further evidence provided through rebuttals prior to the inquiry GLAP was satisfied that its key concerns had been addressed and GLAP’s objection to the CPO was removed in advance of evidence being presented to the Inquiry. The formal removal of the objection was completed in May 2016 and the decision was subject to scrutiny. It was noted that the Mayor made the decision with specific reference to the terms of a compulsory purchase process and did not prejudice his position with regards to the planning inquiry which was reviewing the mitigation standards for the airport’s planned expansion.
- 1.4. The Order was confirmed in August 2016 and subsequently LCA approached GLAP to undertake a commercial negotiation to agree the compensation and final transfer terms for the GLAP land to be incorporated into the development scheme.
- 1.5. GLAP has two options: to settle through a commercial negotiation as proposed by this paper or once LCA serve a Vesting Notice to refer the compensation to the Upper Tribunal, Lands Chamber (UTLC), the body which arbitrates in the event of an unresolved CPO compensation claim.

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

- 2.1. It is acknowledged that the Order grants LCA the ability to transfer the title of the land identified in Appendix 1 compulsorily but it is recognised that both parties may benefit from a commercial negotiation regarding the transfer of the land, rather than following the CPO process.
- 2.2. GLAP has been working with valuation and legal experts to ensure that the negotiated position satisfies the GLA’s Best Consideration obligations, under s.333ZC of the GLA Act 1999 (as amended). GLAP has secured a valuation report that supports the sale price (more information is contained in Part 2 of this paper).
- 2.3. There are two key advantages to the negotiated settlement route: primarily that GLAP has certainty over the timescale of the agreement and the timing of the payment. By GLAP not engaging to reach a settlement but referring the case to the UTLC there could be a significant delay whilst a hearing date was settled and current estimates suggest that it could take up to 12 months for the hearing to be opened. In the meantime LCA would have been able to vest the land and ownership would have been transferred away from GLAP.
- 2.4. In addition to the certainty over timescales offered by the negotiated route, by agreeing compensation directly with LCA, GLAP has greater control over the level of fees required to be expended on the case. If a reference was made to the UTLC it would require the preparation of evidence and the appointment of a number of experts to provide statements to present to the

- Inspector. Having established the level of Best Consideration through working with GLAP's independent property advisors, it is possible to finalise the fees to be paid in relation to the case.
- 2.5. In the opinion of the valuation experts, it is considered unlikely that any award of compensation instructed by the UTLC Inspector would be in excess of the receipt that GLAP has agreed with LCA.
- 2.6. In summary, it is advantageous to both parties to reach a settlement and document the terms of the sale through a Sale Agreement. Further detail regarding the commercial terms is included in Part 2.

### **3. Equality comments**

- 3.1. The equality obligation on the project is being addressed through the statutory CPO and Planning processes. CPO legislation requires that the ECHR is considered when interference with property rights occurs.

### **4. Other considerations**

#### **4.1. Key Risks**

The main risk to the project is the ongoing expenditure of fees while the commercial discussions continue. Management of fees is more difficult whilst the issue remains unresolved and GLAP would need to appoint further advisors to support any case referred to the UTLC which would incur more fees and there would be no certainty that these additional fees would be recovered from LCA in the event of a settlement. In addition to the continuing fee bill there is the uncertainty over the timing of the receipt to GLAP as has been detailed above. GLAP considers that having satisfied the Best Consideration obligations that to prolong discussions would not be advantageous.

- 4.2. The planning permission was granted subject to a Section 106 Agreement that was signed in April 2016 and binds GLAP but it is noted that a Deed of Indemnity was entered into with LCA which limits GLAP's exposure arising from the S106.

### **5. Financial comments**

- 5.1. See Part 2 for Finance comments.

### **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:

- i. Promoting economic development and wealth creation in Greater London;
- ii. Promoting social development in Greater London; and
- iii. Promoting the improvement of the environment in Greater London

and, 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 and 2 of this report indicate that the Mayor has the power to proceed as recommended in this paper.

**7. DMP**

- 7.1. This project was considered at DMP(i) on 5 October when GLAP set out the intended route for disposal and the quantum of the offer was noted.

**8. Planned delivery approach and next steps**

Activity	Timeline
Exchange legal agreements	January 2017
Complete Sale Agreement	February 2017
Transfer land to LCA	February 2017
Start on site for airport expansion works	April 2017

**Appendices:**

**Appendix 1:** site plan

**Appendix 2:** CONFIDENTIAL valuation report

**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? YES**

If YES, for what reason:

To enable the commercial transaction to be completed

Until what date: 28 March 2017

**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:**

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

✓

**Sponsoring Director:**

David Luntz 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 6 February 2017.

**EXECUTIVE DIRECTOR, RESOURCES:**

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

Signature

*M. D. Allce*

Date

6.2.17

**CHIEF OF STAFF:**

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

Signature

*D. Bellamy*

Date

6/2/2017

