

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD1571

Title: Disposal of Sovereign House and former substation land to London Borough of Croydon.

Executive Summary:

This Mayoral Decision is for the freehold disposal of the GLA Land and Property Limited (GLAP) ownership of the remaining undeveloped land at Cousdon, Croydon. Sovereign House and the former substation land are to be sold to LB of Croydon to facilitate the development of a new premium foodstore and health facility. The disposal contributes to the delivery of the Mayor's objectives for the release of surplus public sector land, growth and jobs.

Decision:

That the Mayor approves

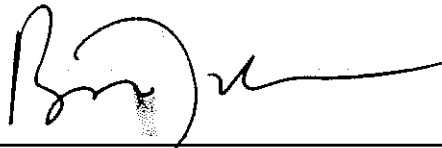
- the freehold disposal of Sovereign House and the disposal by way of direct transfer of the former substation land from South Eastern Power Networks PLC to LB Croydon at the direction of GLA Land & Property Ltd under an Agreement for Sale (and associated transfers).
- entry by GLA Land & Property Ltd into a supplemental agreement to the Agreement for Sale dated 29 March 2012 between the Homes & Communities Agency and South Eastern Power Networks PLC to allow GLA Land & Property Ltd to direct the sale to LB Croydon.
- the transfer to South Eastern Power Networks PLC of the freehold to land on which a new substation has been built, together with the entry into an associated deed of release, pursuant to the Agreement for Sale dated 29 March 2012.
- expenditure of £15,000 to meet legal fees relating to the legal documentation to give effect to the above arrangements.

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:

3. 11. 2015

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

Decision required – supporting report

1. Introduction and background

- 1.1 Sovereign House and the former SEPN substation land (the combined GLAP landholdings) are located to the South of the town centre of Coulsdon, adjacent to the Cane Hill hospital site and they cover an area of 0.17 Ha. The former SEPN substation land is the subject of land swap agreements between SEPN and HCA dated 29 March 2012 which provide for the transfer by SEPN to GLAP of the former SEPN substation land in exchange for GLAP transferring to SEPN adjoining GLAP owned land on which a new substation has been built by SEPN, subject to completion of those re-location works. HCA's interest in the land at Cane Hill including the combined GLAP landholdings, together with associated rights and obligations under the land swap agreements transferred to GLAP in April 2012 pursuant to the HCA/GLA transfer scheme.
- 1.2 The sites are situated to the west of Lion Green Road, at the junction with Chipstead Valley Road, and adjacent to Lion Green Road car park which is currently owned by LB Croydon. The car park was declared as surplus by LB Croydon in 2012 and, together with the combined GLAP landholdings, forms the developable footprint of a proposed supermarket led mixed use development.
- 1.3 The combined GLAP landholdings at Lion Green Road were purchased as part of the Cane Hill Hospital acquisition by English Partnerships in 2007, under the Hospital Sites Programme. Due to the strategic location between Cane Hill and Coulsdon Town Centre, the sites were safeguarded for the Cane Hill development and to ensure an integrated link between the town centre retail and commercial activity and the redevelopment of Cane Hill.
- 1.4 Within the draft Coulsdon Masterplan, the designation for the area is mixed use with a focus on retail and commercial uses, such as a supermarket and healthcare facility. The key objective is to animate Lion Green Road by providing continuous active frontage and to encourage public accessibility and views from Lion Green Road.

Planning and Project Proposal

- 1.5 Croydon Council Urban Regeneration Vehicle (CCURV) is a joint venture between John Laing and LB Croydon. In July 2012, the Council declared their car park at Lion Green Road as surplus to requirements and offered the site to CCURV, subject to Section 123 of the Local Government Act 1972 which requires any disposal to satisfy best consideration.
- 1.6 CCURV have developed a commercial scheme for the redevelopment of Lion Green Road car park which includes the combined GLAP owned assets adjacent to the car park.
- 1.7 CCURV obtained resolution to grant planning in March 2014. John Laing is the development partner and McLaren have been selected as the contractors to build out the scheme. Work is expected to start on site in November 2015 and complete by early 2017, when the new store is expected to open.
- 1.8 CIL: CCURV as applicant will sign an assumption of liability in respect of the planning application that will remove any financial liability from the GLA/GLAP and LBC in respect of the planning application.
- 1.9 The proposed scheme will comprise a 50,000 sq ft gross supermarket with a 10,000 sq ft medical centre. Following a marketing exercise in 2012, it is understood that CCURV have identified a premium supermarket operator and entered into an agreement to pre-let the completed retail shell

and health centre on a 25 year leasehold basis. CCURV have agreed Heads of Terms for the health centre.

- 1.10 It is understood that CCURV has identified and entered into contract with an investor who will take the freehold of the food-store and community space demise. LB Croydon will own the freehold of the new access road and peripheral public realm - this includes the landscaped area to the rear of the foodstore that hosts the new footpath linking Cane Hill to the town centre.

Contract Status and Legal Agreements

Disposal of Sovereign House & Former SEPN Substation Land

- 1.11 Sovereign House will be transferred from GLAP to LB Croydon at financial close by means of a sale agreement (and associated transfers).
- 1.12 As noted above, the former SEPN substation land forms part of land swap agreements dated 29 March 2012 between the HCA and SEPN. Although SEPN have built the new substation on the GLAP owned land, the former substation land has not been transferred into GLAP ownership.
- 1.13 It is therefore intended that the former SEPN substation land will instead be transferred from SEPN direct to LB Croydon at the direction of GLAP under an Agreement for Sale. The terms of the land swap agreement between SEPN and GLAP (as successor to HCA) will need to be amended to allow such a direct transfer. A simple supplemental agreement will therefore need to be entered into with SEPN to document this change.
- 1.14 The purchase price encompasses both Sovereign House and the former SEPN substation Land and will be paid at completion of the transfer of both which will take place simultaneously. The transfers will each be with vacant possession.
- 1.15 An option to tax has been made by the GLAP in respect of the GLAP owned land which will transfer to SEPN. An option will also be made in respect of the former SEPN substation land and VAT will be payable on the full purchase price.
- 1.16 The proposed development requires the properties numbered 1, 3 and 4 the extent of each of which is outlined on the site plan at Appendix 1. The table below summarises the relevant land ownership of those properties, as well as the property numbered 2 on the site plan at Appendix 1, and the proposed transfers:

Area number	Current Ownership	Transferred to
1. Former SEPN Substation land – This is the subject of a land sale agreement dated 29 March 2012 between SEPN and GLAP (as successor to HCA)	SEPN	LB Croydon Transfer direct from SEPN to LB Croydon at the direction of GLAP
2. Land at Lion Green Road- new substation land This is the subject of a land sale agreement dated 29 March 2012 between GLAP (as successor to HCA) and SEPN	GLAP	SEPN Transfer by GLAP to SEPN under land swap agreement
3.Sovereign House	GLAP	Transfer by GLAP to LB Croydon
4. Lion Green Road Car Park	LBC	Transfers under separate arrangements to

2. Objectives and expected outcomes

- 2.1 To release public sector land for wider regeneration activities resulting in the delivery of 100 new jobs.
- 2.2 To provide links for access to Cane Hill from the town centre and increase visibility and permeability between the high street and Lion Green Road.

3. Equality comments

- 3.1 The GLA's public sector equality duty has been considered in relation to this recommendation and no specific issues have been identified as a result. Positive contributions to equality have been considered through the design process of the wider Cane Hill project.

4. Other considerations

a) Key risks and issues

- 4.1 There is limited risk to GLAP as the proposal is to receive an upfront payment for the freehold of the combined GLAP landholdings in Coulsdon. LB Croydon has confirmed that they intend to transfer the land to the investor on the same day as GLAP transfers land to LB Croydon.

b) links to Mayoral strategies and corporate priorities

- 4.2 The sale of the combined GLAP landholdings combined with the local authority surplus car park will enable the development of a supermarket which will contribute to the wider Mayoral priorities for housing regeneration, growth and job creation as set out in the Mayor's manifesto and Economic Development Strategy. The Health Centre will contribute to the Mayoral objective to improve Londoners' health.

c) Impact assessments and consultations.

- 4.3 Given the proposed scheme required planning permission, CCURV has undertaken consultations and impact assessments as statutorily required through the planning process.

5. Financial comments

- 5.1 VAT will be charged in the normal way on the transfer under the land swap and the final disposal to LB Croydon.
- 5.2 Legal fees to complete the sale to LB Croydon will be met by CCURV. Fees of around £15,000 will be necessary to complete the disposal negotiations and associated legal documentation. These will be met from the £43,000 Wells Cottages fees budget, of which £20,000 has already been approved to complete the sale of the Wells Cottages.
- 5.3 See part 2 for further financial 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. The principal purposes, as set out in section 30(2) of the GLA Act are:
- (1) promoting economic development and wealth creation in Greater London;
 - (2) promoting social development in Greater London; and
 - (3) promoting the improvement of the environment in Greater London.
- 6.2 Given the above and section 34 of the GLA Act, which allows the Mayor to do anything which is calculated to facilitate or is conducive or incidental to the exercise of any of his functions, the foregoing sections of this report indicate that the Mayor has the power to make the requested decisions.
- 6.3 Ashfords have been appointed by Legal to act for GLAP in connection with all the proposed disposals to which GLAP is party having acted historically for HCA in connection with the land swap agreements.

7. Housing Investment Group

- 7.1 The proposal was considered at the HIG in September 2013. A verbal update was also provided in May 2014. HIG approved in principle to transfer land to a combination of Croydon Council Regeneration Vehicle (CCURVE), a joint venture between John Laing and the London Borough of Croydon, and the London Borough of Croydon direct. Since the HIG approval, GLAP has been advised to transfer all the land to the London Borough of Croydon, who will then do a back to back deal with CCURVE. This is considered a more efficient approach. The HIG paper also noted the overage due to the HCA Hospital Development Account. This overage no longer applies as in March 2015 it was paid in full, as per the approval given in MD1491.

8. Planned delivery approach and next steps

Activity	Timeline
Agree terms of Agreement for Sale and Supplemental Agreement	October 2015
Mayoral Decision	Beginning of November 2015
Completion of Transfers	Beginning of November
Commencement of development	November 2015

Appendix 1: Site Plan

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:

Deferred until Agreement for Sale with LB Croydon has been completed.

Until what date: December 2015

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:

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

✓

Assistant Director/Head of Service:

Lucy Owen has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

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:

Richard Blakeway has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

M. D. Ollie

Date 30.10.15

CHIEF OF STAFF:

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

Signature

Edmund Hill

Date 02.11.2015