

## PART 2 – CONFIDENTIAL FACTS AND ADVICE

**DD2319**

**Title: Royal Docks Regeneration Exhibition Phase 1**

### **This information is not for publication until the stated date, because:**

The information in this document contains confidential information relating to the future use of the Crystal building at the Royal Docks. Disclosure of this information could potentially result in significant material harm to the delivery of an 'East London Centre', specifically negatively impacting upon the GLA's and its partners' ability to commercially negotiate with Siemens who presently occupy the building.

Further, information in this document will also detail the budget split for various elements of the project which would impact the GLA's ability to secure best value for money in the procurement process.

**Date** at which Part 2 will cease to be confidential or when confidentiality should be reviewed: to be reviewed once the relevant appointments, commercial and funding agreements have been negotiated and signed - expected to be Autumn 2019.

### **Legal recommendation on the grounds of keeping the information confidential:**

In the event of any request for access to the information contained in this document under section 1 of the Freedom of Information Act 2000 ("the Act"), it is considered that access can be denied on the basis that the disclosure of such information would prejudice the GLA's commercial interests and therefore is covered by the exemption under section 43 of the Act.

Section 1 of the Act creates the general right of access, which provides that any person making a request for information to a public authority is entitled:

- to be informed in writing by the public authority whether it holds information of the description specified in the request; and
- if that is the case, to have that information communicated to him/her.

Part II of the Act contains a number of exemptions from disclosure for certain classes of information. In particular, section 43 of the Act provides that information is exempt information if disclosure under the Act would, or would be likely to prejudice the commercial interests of any person (including the public authority holding it). The section above indicates that the information is considered commercially sensitive as its release could affect the GLA's ability to effectively negotiate with prospective service providers and impact on the GLA and its partners' ability to commercially negotiate regarding occupation of the Crystal building.

The section 43 exemptions are qualified exemptions and their use is therefore subject to a public interest assessment.

### **Public Interest Assessment**

At present, on balance, it is considered that the public interest is best served if the information is not disclosed at this point. Disclosure by the GLA would be likely to have a detrimental effect on the GLA's commercial interests and the delivery of the proposed projects.

The eligibility of these exemptions should be reassessed in the event of an FOI request for this information as the level of sensitivity may change over time and different circumstances may alter the arguments in favour of non-disclosure.

**Legal Adviser -**

**Name:** Emma Brookman

**Date:**

**Confidential decision and/or advice:** As per below

- 1.1 Early approval is required to get work underway in time for an event in October 2019. This will deliver an architecture model showing the Royal Docks development context and a small exhibition which will allow the Royal Docks Team to have a presence at the event. The approval will also fund appointed consultants to develop a 2-year programme for an East London Centre. The detail of the 2-year proposal will then be funded under further approvals.
- 1.2 The longer-term East London Centre piece will be partially informed by the space made available at the Crystal. The scope of this project is therefore reliant upon negotiations with Siemens who own the lease, expiring in 2023.
- 1.3 The Royal Docks Team are presently in negotiations with Siemens regarding an early surrender of the Siemens lease, therefore giving back control of the building to the GLA under a significant lump sum that will subsidise the future short-term use of the building. Siemens have expressed a keen interest to turn the narrative of the Crystal into a positive story for both the GLA and Siemens in terms of repurposing the building for regenerative activities.
- 1.4 Following the NLA scoping exercise, the Royal Docks Team commissioned the NLA to develop a business plan to test the viability of repurposing the Crystal as an East London Centre. However, this business plan found that the best way to maximize the commercial income of the building was to let out the space primarily as office, rather than exhibition and events. This was critical due to the high operational costs of running the building that would need to be offset long-term. It was concluded that an exhibition and events could easily be housed alongside office space in such a large building; in fact, the two could work together if the workspace had a regeneration or built environment theme.
- 1.5 The Royal Docks Team are pursuing the feasibility of workspace with separate consultants in another work strand. To enable the Royal Docks Team to carry out programmatic and exhibition activities, the Exhibition Space in the Crystal must be secured quickly. There is an allowance to use revenue for professional fees such as a dilapidations survey which will be required as due diligence to inform the potential Siemens deal. Whilst ordinarily the leaseholder will carry out this activity, in the interest of securing a deal within a tight timeframe, it will be within the GLA's interest to undertake this.
- 1.6 Should the GLA be unable to secure an early surrender under commercially viable terms, the Royal Docks Team will negotiate space requirements with Siemens as a sub-lease or license. This might impact the scope of any East London Centre programme.
- 1.7 The early exhibition and architecture model will be delivered in either scenario regarding the Siemens lease. This will piggyback onto the October 2019 event.
- 1.8 The Royal Docks Team have established a high-level cost breakdown for this approval. The breakdown allows for £400,000 to be spent on the architecture model. This will be a revenue cost on a services contract and is based on soft market testing carried out during the Delivery Plan preparation process. £90,000 has been allocated for further revenue costs including £13,000 towards a dilapidations survey as quoted by the GLA Estates team and £77,000 will contribute towards consultancy fees to develop the initial East London Centre concept in detail. This work will inform and trigger an additional approval process once the Royal Dock Team have more certainty around the bigger 1-2 year programming piece of work.
- 1.9 Further budget under MD2338 is available to develop this project into something more ambitious. For example, digital or art pieces might be procured under the Royal Docks regeneration theme. The commission for the 1-2 programme will test a new use (a regeneration centre) in the Crystal Building and help inform future decisions to either expand on this or test alternative uses.
- 1.10 The East London Centre programme will be subject to the outcomes of the Siemens negotiation. However, this is not a risk to this particular DD. In any case, the architecture model and small

exhibition will be delivered irrespective of this outcome. The East London Centre programme will also flex and be scoped to suit the spaces available in collaboration with an appointed consultant.

1.11 The indicative budget breakdown is detailed below:

<b>Projects</b>	<b>Amount</b>
Consultancy fees	£77,000
Survey works	£13,000
Architectural model	£400,000
<b>Total</b>	<b>£490,000</b>