Housing Investment Group

Date of meeting: 23 January 2014

Title of paper: Sale of Land East of Hindmans Way, Dagenham Dock (‘Maskell 1’)

To be presented by: Simon Powell, Assistant Director, Strategic Projects and Property

Cleared by: (name Adviser & Director) Richard Blakeway, Deputy Mayor for Housing, Land and Property
David Lunts, Executive Director of Housing and Land

Classification: Public (with reserved appendices- commercially sensitive)

1 Executive Summary

1.1 This Paper provides a report on the freehold sale of a plot of vacant industrial land in Dagenham Dock that is owned by GLA Land and Property Limited (GLAP) and recommends its sale.

The site consists of two assets ‘Maskell 1’ and ‘Land east of Hindmans Way’ held in the property database.

A Reserved Paper details the commercial terms (including the land Price) that have been reached with the prospective Buyer subject to contract and a Mayoral Decision (‘MD’). An MD will be sought immediately following a review by HIG.

2 Recommendations

2.1 That the detailed Heads of Terms for the sale of ‘Maskell 1’, being land east of Hindmans Way, Dagenham Dock have been agreed with the Buyer, Stolthaven Dagenham Limited (a local business), and that these provide Best Consideration be noted.

2.2 That the intention is for GLAP to complete the sale of the land by 31st March 2014 subject to contract and a Mayoral Decision authorising the sale be noted.

2.3 That it be noted that part of the proceeds from the sale will contribute towards the future improvement (leading to the planned eventual adoption) of Hindmans Way, a private road owned by GLAP that is in need of essential repair and upgrading, and whose improvement will add value to other neighbouring land owned by GLAP that is located on the other (i.e. the western) side of Hindmans Way.
3 Introduction and Background

3.1 The Property – approximately 2 hectares (5 hectares) of open land without hard standing or utility services – is located in Dagenham Dock, Dagenham in east London. See Appendix 1 for the Site Plan.

The site has an open ditch running through the middle of it but no buildings. Japanese Knotweed (‘JKW’) and other noxious weeds are prevalent in the area. Services owned by a Third Party are present in the southern area. The site will be sold as seen in respect of environmental contamination and GLAP will not provide any environmental warranties. The site lies outside of the southern phase of the London Sustainable Industries Park (LSIP), a landmark cleantech business park in Dagenham Dock, in east London in the LB of Barking & Dagenham (‘LBBD’) that is being created by GLAP.

The site is bordered:
• to the north – by Own Your Own (‘OYO’) trading estate
• to the south – by Stolthaven Dagenham Limited’s (‘Stolt’) main chemical storage facility, a riverside terminal in Thunderer Road, off Hindmans Way
• to the east – by Hunts’ waste transfer station (now under new management following a catastrophic fire) in Chequers Lane, and
• to the west – by Hindmans Way (a tarred road in need of improvement, including new street lighting, highway signage and road drainage).

3.2 GLAP’s infrastructure investment in the LSIP is creating serviced development plots for disposal within the 16 hectare Park on other vacant industrial land. The entrance to LSIP Plot 8/9 (for sale) lies directly opposite the subject site.

3.3 The site was originally transferred to the Greater London Authority in 2012 in two parcels: the northern land (formerly known as ‘Maskell 1 North’) from the London Development Agency (LDA) and the southern land (formerly known as ‘Ex-Railway Land’) from the London Thames Gateway Development Corporation (LTGDC).

3.4 The Local Highway Authority, LB of Barking & Dagenham (‘LBBD’) and the Greater London Authority (‘GLA’) has long recognised the need for Hindmans Way to be upgraded to something resembling an ‘adoptable standard’, involving a new footpath (combined with a cycleway on at least one side of the road), street lighting, new underground utility services, possible repairs to an existing culvert under the road, and other associated infrastructure works.

In this regard, the Council has sought contributions from local landowners under Section 106 of the Town and Country Planning Act 1990 (as amended).

Some ‘Section 106 Payments’ have already been obtained or contracted.

Accordingly part of the proceeds of the sale of the subject site will be ring-fenced use in highways improvements and held in an escrow account by the Buyer’s solicitors, Burges Salmon LLP.
3.5 The upgrading of Hindmans Way will also help realise the potential of GLAP’s retained land within LSIP South (and in particular LSIP Plot 8/9).

3.6 Heads of Terms for the sale of the site have been agreed following a tender towards the end of 2013. The detailed position is set out in the Reserved Paper.

The land is vacant (except for overspill material from an adjacent property) and is contaminated from historic former uses (hence a genuine ‘brownfield site’); it has not generated any income for GLAP. GLAP will ask and co-operate with the Environment Agency to take action to compel the owner of the adjacent property to remove the overspill material.

3.7 A budget is required in order to meet legal and other consultancy fees in order to complete the sale of the site. It is proposed that this be met from sale proceeds – these costs are yet to be quantified but will be requested as part of the Mayoral Decision.

4 Objectives & Expected Outcomes

4.1 The prime objective is the sale by GLAP of all 2.0 hectares (5.0 acres) to one Buyer due to the site’s limited access (currently only from Hindmans Way) at Best Consideration. The sale is not contingent on planning permission or further site investigations (the Buyer having already done some of their own).

4.2 A more strategic objective for GLAP is to bring forward the development of land sufficient to be able to self-fund the upgrading of Hindmans Way. Discussions will take place with the Council and the Buyer re: how, when and who will upgrade the private road.

A separate update paper to HIG may arise from the outcome of these discussions.

4.3 The sale will be a catalyst to the Buyer’s plans for expanding their main terminal – see below.

Protecting and enhancing the protected wharfs on the River Thames is a policy of the London Plan and is part of national planning policy.

Source: Safeguarded Wharfs on the River Thames: London Plan Implementation Report

The Buyer

Stolthaven Terminals has a network of twenty terminals throughout the world that provide storage and distribution services to customers worldwide including all of the oil majors and the leading chemical production companies. The division was set up in 1998 and has been expanding ever since in direct response to customer demand. Stolthaven Terminals acquired the former TDG terminal from Norbert Dentressangle in 2012.
Stolthaven Terminals is also a part of a larger group, Stolt-Nielsen Limited (SNL), that is described as a “leading provider of integrated transportation, storage and distribution services for bulk liquid chemicals, edible oils, acids, and other specialty liquids” through Stolthaven Terminals and its sister companies Stolt Tankers, and Stolt Tank Containers.

**Intended use of the Property / Outputs**

The Buyer’s existing riverside terminal at Dagenham Dock is small when compared to the other bulk liquid terminals located on the Thames. Whereas the other terminals focus on servicing the importation of clean petroleum products in bulk, the Dagenham terminal specialises in the import requirements of the local manufacturing, pharmaceutical, chemical and food industries.

These industries typically import smaller parcels requiring specialist handling which cannot be accommodated in the larger terminals. To provide this storage service the Dagenham terminal needs a large number of small tanks which cannot be accommodated within the current site boundary of the terminal.

The Buyer will use the land to expand its storage capacity and to optimise the terminal’s lay-out, enabling the terminal to generate operational efficiencies.

Although it is too early to know how many new, full-time jobs will be generated, the Buyer currently anticipates it may be 10 to15 in addition to an unspecified number of additional contractors, some of which will be based on site.

### 5 Key Risks and Issues

5.1 The principal risk to the project is the sale not proceeding in good time as a result of a lengthy legal due diligence process. The area in question has historically been one of multiple land ownerships. By way of mitigation the GLA’s development manager has worked hard to clarify the position on the ground so as to allow a clear and unfettered transfer of the asset.

### 6 Financial comments of the Executive Director Resources

6.1 See Annexure (Reserved Paper).

### 7. Legal Comments

7.1 GLAP has instructed Eversheds LLP to prepare the sale documentation given that the firm carried out the due diligence when the bulk of the site was originally acquired by LTGDC, and they assisted in its onward transfer from the GLA to GLAP in 2013. Advice received from Eversheds in relation to the sale is subject to legal privilege. Further legal commentary is included in the Reserved Paper and will be included in the Mayoral Decision form referred to in 7.3 below.
7.2 The proposals set out with this paper appear to fall broadly within the GLA’s powers under section 34 of the Greater London Authority Act 1999 to do anything which may be considered facilitative or conducive to the exercise of its principal section 30 purposes.

7.3 Should the group be minded to approve the recommendations of this report, officers must ensure that they:

- continue to obtain legal advice concerning the proposed disposal;
- obtain formal authority by way of a Mayoral Decision before proceeding further; and
- (in the event that such formal authority is obtained), obtain GLAP approval in accordance with its governance procedures and that appropriate legal documentation is put in place and executed by GLAP.

7.4 Information in the Reserved Paper is not for publication because the terms of the disposal contain commercially sensitive information, which should be treated as confidential. Disclosure would be prejudicial to the commercial interests of the parties.

7.5 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 parties’ commercial interests and therefore, is covered by the exemption under section 43 of the Act. The information could also be viewed as information provided in confidence, which is exempt under section 41.

7.6 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.

7.6 Part II of the Act contains a number of exemptions from disclosure for certain classes of information. In particular, section 41 covers information given in confidence and section 43 of the Act which provides that information is exempt information if its disclosure under the Act would, or would be likely to prejudice the commercial interests of any person (including the public authority holding it).

7.7 The section 43 exemption is a qualified exemption and its use is, therefore, subject to a 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 GLAP would be likely to have a detrimental effect on the parties’ commercial interests. It is considered that this outweighs the general public interest in disclosure for reasons of transparency of decision making.

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

The next steps following consideration/in-principle approval by HIG are summarised below:

**Table 1**

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<th>Activity</th>
<th>Timeline</th>
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<tr>
<td>1. Deadline for receipt of tenders and selection of preferred Buyer</td>
<td>6&lt;sup&gt;th&lt;/sup&gt; Dec. 2013 (achieved)</td>
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<tr>
<td>2. Issue of instructions to respective solicitors</td>
<td>20&lt;sup&gt;th&lt;/sup&gt; Dec. 2013 (achieved)</td>
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<tr>
<td>3. Issue of draft Agreement for Sale to preferred Buyer’s solicitors</td>
<td>w/c 6&lt;sup&gt;th&lt;/sup&gt; Jan. 2014</td>
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<td>5. Mayoral Approval and completion of sale</td>
<td>by 31&lt;sup&gt;st&lt;/sup&gt; March 2014</td>
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**Appendices**

Appendix 1: Site Plan of Maskell 1 (‘Land east of Hindmans Way’).
Appendix 2: Aerial Plan of Maskell 1 (‘Land east of Hindmans Way’)
Appendix 3: Reserved Cover Paper