Appendix 1

## Budget and Performance Committee – 4 March 2014

## Transcript of Item 6: GLA Land and Property Assets

**John Biggs AM (Chairman):** The main item is Greater London Authority (GLA) land and property assets. Can we welcome our guests from across the ever-growing GLA family to tell us about their property assets? If I can start the ball rolling by asking people to very briefly introduce themselves. Then perhaps they could tell us what sort of property assets they have or the number they have in their portfolio and what you are planning to do with them in terms of management or disposal by functional body.

Shall we start with Sue, from the London Fire and Emergency Planning Authority (LFEPA), who is an old lag at this?

**Sue Budden (Director of Finance and Contractual Services, LFEPA):** Sue Budden, Director of Finance and Contractual Services.

**Ben Cameron (Head of Property, London Fire Brigade):** Ben Cameron, Principal Property Manager for the London Fire Brigade.

**Sue Budden (Director of Finance and Contractual Services, LFEPA):** In terms of numbers of assets, we have 128 property assets and we have 10 for sale or that will be disposed of as a result of the Fifth London Safety Plan (LSP5). We have our old headquarters at 8 Albert Embankment and we are going to take a paper to [LFEPA] Members in March about a new disposal process for that. We have a site in Mitcham where we are building a new station under the Private Finance Initiative (PFI) Property Project on an alternative site, so the site in Mitcham will be disposed of. We are building a new fire station in West Norwood and the old site is on a sale-and-leaseback arrangement, so we are still occupying it but it will be sold when we move into the new site.

**John Biggs AM (Chairman):** We are going to delve into this in greater detail later on. Essentially, your job at LFEPA is to sell things for best consideration and to use them to invest in the rest of your estate.

**Sue Budden (Director of Finance and Contractual Services, LFEPA):** Yes.

**John Biggs AM (Chairman):** OK. Your property team consists of Ben and?

**Ben Cameron (Head of Property, London Fire Brigade):** 44 others.

**John Biggs AM (Chairman):** Why so many?

**Ben Cameron (Head of Property, London Fire Brigade):** That includes the six which are our PFI team. When I was talking about property, that is our capital programme and also the facilities management side of things. In terms of estates, it is me plus two.

**John Biggs AM (Chairman):** Shall we move down the table, then?

**Lynda McMullan (Director of Police Resources & Performance, MOPAC):** I am Lynda McMullan from the Mayor's Office for Policing and Crime (MOPAC). I am Director of Police Resources & Performance.

**Jane Bond (Director of Property Services, Metropolitan Police Service):** Good morning. Jane Bond, Director of Property Services at the Metropolitan Police Service.

**John Biggs AM (Chairman):** Another double act.

**Lynda McMullan (Director of Police Resources & Performance, MOPAC):** In terms of the properties that we have, we began our strategy with 671 properties. We divide that up between public-facing, operational and residential properties. Broadly, there are 248 public-facing, 152 operational and 174 residential properties. At the start of the strategy, we identified 97 properties that were surplus to requirements, which makes up the 671. To date, we have sold 26 properties and we have added to the number that we think we can dispose of, so an additional 18 properties for disposal.

The overall valuation of the property portfolio at the start of the financial year was about £1.5 billion. We are just going through the process of revaluation at the moment for the current year accounts. We have reduced from about 956,000m$^2$ down to about 870,000m$^2$. The target is to get down to about 660,000m$^2$ by the end of the strategy.

In terms of the financials, what we are looking to do is generate capital receipts of about £515 million and we are reinvesting about £350 million of that in a new property portfolio to bring things up to standard. Obviously, we have a broader ambition in terms of technology in terms of where the additional money is going to. That is roughly the shape and scale of our portfolio.

**Jane Bond (Director of Property Services, Metropolitan Police Service):** We currently have an in-house team of 350 that supports that. That includes just a little under 100 who deal with the construction and the maintenance of the estate in terms of professional skillsets. Also included within that number is a team that deals with specialist surveying for crime scene analysis. The balance of 250 relates to building managers who look after each of the individual buildings we have. Within our strategy, Lynda referred to reducing down to 660,000m$^2$ but we are also looking to rationalise our team over time, so we will be looking to reduce that team size.

In terms of the work that is going on within the portfolio, we are supported obviously by many outsourced providers, so we have a number of facilities contractors and construction contractors who are also supporting that work we are undertaking.

**John Biggs AM (Chairman):** There is an obvious thing here. Of your 350, 250 are essentially facilities management?

**Jane Bond (Director of Property Services, Metropolitan Police Service):** Building managers, yes.

**John Biggs AM (Chairman):** You have the in-house expertise to do most of your property transactions, but you will get external valuers and surveyors or whatever?

**Jane Bond (Director of Property Services, Metropolitan Police Service):** Absolutely. We do have external valuers and external surveyors who market our assets for sale and value the portfolio on our behalf.

**John Biggs AM (Chairman):** Your basic approach is to secure the highest consideration?

**Jane Bond (Director of Property Services, Metropolitan Police Service):** Yes.

**John Biggs AM (Chairman):** We will explore later whether there are circumstances in which you would seek to do otherwise. Is your principal approach also just to do outright disposals rather than partnerships?

**Jane Bond (Director of Property Services, Metropolitan Police Service):** At this point in time, yes. Having reviewed the portfolio, we have identified what is surplus to requirements, yes.

**John Biggs AM (Chairman):** I suppose I should ask LFEPA. Do you have to buy in expertise in order to do your jobs effectively?

**Sue Budden (Director of Finance and Contractual Services, LFEPA):** Yes.

**John Biggs AM (Chairman):** It would not be worth your while? Obviously, you could use the wider GLA family, but it would not be worth your while having in-house valuers, for example, given the size of your estate?

**Sue Budden (Director of Finance and Contractual Services, LFEPA):** No.

**John Biggs AM (Chairman):** OK. Shall I trundle down the table to the sunny uplands of Transport for London (TfL), a totally unaccountable and opaque body? You can shed some light on this.

**Graeme Craig (Director of Commercial Development, TfL):** Graeme Craig, Director of Commercial Development for TfL. I am responsible for all TfL's non-fares revenues, including its property. We are, as we all know, one of London's largest landowners, owning a little over 5,500 acres of land in London. That includes lots of roads, verges, tracks, etc, but we also have just over 500 commercially viable sites. There are 3,500 properties that we lease out.

We are in a slightly different position from a number of others on this side of the table in that we require large amounts of infrastructure and large numbers of assets in order to run our systems. We are going through a change in our strategy where we are seeking to move away from disposal and instead understand how we, working with private sector partners and others, can grow long-term revenue from our estate, particularly in and around stations.

Currently, I have a team of just over 100. That is 30 people doing property management and the collection of rents from the 3,500 properties we lease out including 1,000 retail units in and around stations. There are a further 30 people who are in the operational property team, which includes property acquisition including through compulsory purchase for operational reasons. I then have a team of 40 on business development, which covers all non-property-related commercial matters. Finally, I have a property development team of six people whose job has been focused largely towards disposal and part of what we need to do now is to understand the size and scale required if instead TfL is looking to retain its land and work with joint venture partners and others in order to grow long-term revenue.

**John Biggs AM (Chairman):** For the operational bits of TfL's estate, the stuff that other people describe as facilities management is?

**Graeme Craig (Director of Commercial Development, TfL):** That is actually out of my team, as it happens. It is part of the commercial function within TfL for things like head office estate but, equally, within the operating businesses, a proportion of what we previously or what would be described by others is managed within those operating businesses.

**John Biggs AM (Chairman):** Presumably you use a lot of external expertise to help you with disposals and complicated transactions and so on?

**Graeme Craig (Director of Commercial Development, TfL):** Inevitably, yes.

**John Biggs AM (Chairman):** Now the inconsequential estate of the core GLA.

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** All right. I am Richard Blakeway, Deputy Mayor for Housing, Land and Property. The GLA owns 179 assets, which equates to roughly 667 hectares of land - and indeed water because we own the dock bed in the Royal Docks. The portfolio comprises, as you know, the former estate of the Homes and Communities Agency (HCA) London, the London Development Agency (LDA) and the Thames Gateway, which was all transferred to the GLA as part of the Localism Act 2011.

The nature of the estate is predominantly for development, although not all of those assets present a development opportunity. For example, we own the freehold of ExCeL. It splits roughly 50:50 between residential-led developments and either industrial land or commercial uses. The quantum of homes that can be delivered on it, if you include our land interest in Barking Riverside, is something around 42,000 units.

In terms of the composition of the team, I will let Simon talk on this more. As you will be aware, we have quite a significant directorate with expertise to lead any disposals and oversee estate management. Our default is that we use the London Development Panel. We will obviously get expertise in to check things such as appraising the financial offers and so on, but for the most part it is led within the directorate.

**Simon Powell (Assistant Director for Strategic Projects and Property, GLA):** I am Simon Powell, the Assistant Director here at the GLA for Strategic Projects and Property. I head up a team of about 20 people, which is roughly split between about 7 people looking after the estates and 13 on the development side. Also, we bring in project managers from across the investment operations area teams on individual project delivery. We are supported where needed in terms of property advice, but because of the default position being particularly for residential-led development using the London Development Panel, the extent to which we need to consult on advice is more limited than others. Essentially, that is the composition of the team.

**John Biggs AM (Chairman):** Unlike all the other bits of the GLA family, you are not driven as clearly by the imperative of best value.

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** That is correct, although we still have the same obligations under --

**John Biggs AM (Chairman):** For each case where you dispose below the market value, you need a dispensation to do that?

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** Indeed. As you know, we have a dispensation from the Department for Communities and Local Government for up to 30%. The reality, though, is that whilst we clearly have considerations around policy fit, quantum of housing, quality and so on, I would not describe the two as mutually exclusive. Our experience so far is that we have the best proposals from bidders and they have also offered the best price. Indeed, with the exception of one case, we have far exceeded book value on every asset we have disposed of.

**John Biggs AM (Chairman):** The dispensation is for not all of your land but for most of your land. The dispensation means you can dispose at 30% below the market value without having to go back to the Department. If you want to exceed that, you then need to get an additional dispensation. Is that correct?

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** Correct.

**Simon Powell (Assistant Director for Strategic Projects and Property, GLA):** There is an additional limit which is that the differential of that 30% cannot be greater than £10 million, so there is a financial limit to it.

**John Biggs AM (Chairman):** The land that this applies to is essentially the housing designated land?

**Simon Powell (Assistant Director for Strategic Projects and Property, GLA):** It applies to all the land where you are delivering on the land Mayoral objectives, so it can be economic development or it can be the provision of homes.

**John Biggs AM (Chairman):** It does not apply to TfL, LFEPA or Metropolitan Police Service land.

To complete the picture, there is a lot of other land, the Olympic Park land, which sits under the London Legacy Development Corporation. If that did not exist, the presumption would be that that would be a core GLA asset, I suppose.

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** Correct.

**John Biggs AM (Chairman):** Do they have a 30% dispensation as well?

**Simon Powell (Assistant Director for Strategic Projects and Property, GLA):** No, I am not aware that they do.

**Gareth Bacon AM:** Most of my questions are going to be aimed at the police and fire service, starting with the police. Just a couple of factual things. I tried to note it down when you were saying it, but you talked about 97 properties earmarked for disposal and then another 18 added in, so 115 in total, and you sold 26. Is the £1.5 billion on just the disposal list or is that on the total value of the properties you have?

**Jane Bond (Director of Property Services, Metropolitan Police Service):** The total.

**Gareth Bacon AM:** The £550 million capital receipt is just on those 115 properties. What are the reduced running costs you are expecting to make in terms of the revenue budget? You have talked about a capital saving. On the revenue side, how much are you likely to be saving by disposing of those?

**Jane Bond (Director of Property Services, Metropolitan Police Service):** Over the three years, we are budgeting to take out £51 million.

**Gareth Bacon AM:** You are going to get a net capital saving once you have reinvested of £200 million?

A similar question to the Fire Authority. As a Member of the Fire Authority, I know what the revenue implications of property disposal are. What is the capital valuation of the buildings that you are looking to achieve?

**Sue Budden (Director of Finance and Contractual Services, LFEPA):** The value we have put on the ten sites as a result of LSP5 is £50 million. That is obviously not subject to any market test yet.

**Gareth Bacon AM:** That is just a working valuation? OK.

To both of you, then how quickly are you looking to dispose of your assets? It sounds like the police have made a good start. It is roughly a quarter of the assets that have been sold. Obviously, it is a bit early in the process for you, but how quickly are you looking to dispose, both of you?

**Sue Budden (Director of Finance and Contractual Services, LFEPA):** Our discussions ended on 9 January, so we have put together a disposal strategy since then. The current plan is to advertise them very shortly and then the speed of disposal will depend on the type of interest that we get. If we were to sell unconditionally, obviously, it could conclude quite quickly. If we were to have subject-to-planning offers that we were very interested in, they would take a little bit longer. We will know more once we have been through that process.

**Gareth Bacon AM:** How much are you relying on the experience of 8 Albert Embankment in terms of how you are framing this?

**Sue Budden (Director of Finance and Contractual Services, LFEPA):** Subject to conversations we are still having around the London Development Panel, we are going to put them out in an open way so that we would take what the market would like to offer on them. The experience and the lessons learned from 8 Albert Embankment would come into play if we had a subject-to-planning offer that we wanted to pursue. We would need to think about lessons learned from that and whether it is worth pursuing that given time and potential complications as opposed to selling in a more straightforward way.

**Gareth Bacon AM:** Do you have a starting assumption on that or is there a generally open-minded approach to that? Clearly, if you sell a property with planning conditions attached, you are going to maximise the receipt. As you just said, it can be very long and complicated and it can delay the process. Actually, far off into the future, who knows what is going to happen? The value could go down. Nevertheless, the general consensus or belief is that planning permission means a higher return. On the other hand, money in the bank now is worth having. Do you have a starting assumption as to which way you are going to go on each property or is it just a general open mind?

**Sue Budden (Director of Finance and Contractual Services, LFEPA):** The disposal strategy that we put up in November had a starting assumption for each. There were around five that we said we thought might go subject to planning.

**Gareth Bacon AM:** The same question to the police, really. What sort of assumptions do you have around the disposal of your estate?

**Jane Bond (Director of Property Services, Metropolitan Police Service):** We work very much on the basis of maintaining operational performance and effectiveness, so the timing is very much dependent on making sure we continue to support the police. We have timed exit strategies for each of our buildings and the intention is to dispose of those assets as soon as practicable after the exit date. Security reasons to one side, we often find that we will be looking to market for sale a building we are in the process of vacating. If we are able to exit on a Friday, we leave and sell on a Monday.

The driver this year has been to ensure that we have minimised the impact on revenue, so we have sold in batches of four over the last eight months to release the assets and values over a period of time. Some of the disposals have been slightly delayed in terms of our intended planning because of the purchasers that have come forward, so we have had to look at the purchaser's requirements. Certainly, the basis is ensuring that we maintain operational performance.

Within our broader strategy, what we are trying to do obviously is to reduce the estate quite significantly by up to a third. What we are looking to do is to invest in the buildings which are core to the estate going forward and moving teams into those assets in a timely manner, so, again, it is driven by the operational requirements.

**Gareth Bacon AM:** What about the issue of planning permission on the buildings that you are disposing of? Do you have an assumption on that?

**Jane Bond (Director of Property Services, Metropolitan Police Service):** We have not obtained planning permission and we have not obtained planning briefs for any of the buildings we have sold to date. The view is very much that in terms of the assets we have sold - leaving aside Hendon [Police College] for a moment - we would like to take the benefit of the market and enable them to look at the opportunities in the future.

**Gareth Bacon AM:** Could you clarify what you mean by "take the benefit of the market"?

**Jane Bond (Director of Property Services, Metropolitan Police Service):** To enable developers or those who are interested in acquiring land to form their own views and to undertake their own analysis of what an asset might be worth and what development potential there might be. Going back to the earlier conversation about external advisers, before we go to the market obviously we undertake our own valuation advice. We have a view of what a local authority might be prepared to grant in terms of planning consent and what we think a site might be worth, but we do not go down the route of obtaining those consents, or even outline consents, because we do not want to hinder the market.

**Gareth Bacon AM:** Just to clarify, the police strategy, then, is to try to sell the properties in as timely a manner as possible but not to hinder the process by waiting for planning permissions to be granted first?

**Jane Bond (Director of Property Services, Metropolitan Police Service):** Yes. We have used the London Development Panel in the sale of Hendon this year, which has been very successful. Aside from that site, the lot sizes we are looking at have not been down the London Development Panel route. They have been smaller lot sizes, so we have looked to sell on the open market and market them on an eight-week timeline.

In terms of future disposals, the largest of those will be the New Scotland Yard building. We are currently working through our strategy with MOPAC about when to bring that property to market. We are working on the assumption it will be late summer. We will be looking to develop our own MOPAC planning brief, but we will not be looking for formal planning consent or outline consent from a local authority.

**Gareth Bacon AM:** In the Chairman's opening questioning, it became apparent that there is a very different approach to the property in the police and fire in contrast to TfL. TfL develops its estate in a whole range of ways, whereas you are both looking at disposals. Is there any particular reason why it is disposal and not, say, retention and leasing into the future for both of you?

**Jane Bond (Director of Property Services, Metropolitan Police Service):** In terms of the police estate and before we put our strategy into place, we looked at how we use buildings and how we utilise buildings. We knew we were underutilising substantial elements of our estate. By defining the core assets and by looking to maximise the use of those, we therefore identified the 97 that we could come out of.

The condition of some of those buildings is such that to be able to lease those out there are substantial amounts of capital investment and works required to them which we just simply did not have funding for. Separately, some of those sites were not in areas of London that we knew we wanted to go back into in the future. We are trying to very much push operational policing to be more interactive with the public and the community so that you can contact the police both physically in person through informal arrangements and more formally at police stations and also through the internet and through technology. We knew those were not assets that we would require in the long term. That, coupled with the amount of investment that would have been needed to bring those buildings up to a standard led us to the conclusion that it would be sensible to dispose of those assets and not retain them.

**Gareth Bacon AM:** The same question to you, Sue.

**Sue Budden (Director of Finance and Contractual Services, LFEPA):** Similar points, really. The ten stations identified through LSP5 are now surplus to requirements. It is not our core business to be a landlord in any way and we have no ongoing interest in those sites. The condition point is similar for us, so there are ongoing costs of maintaining them. Certainly, if we were to maintain them in a way that would be suitable for them to be used by other bodies, there would obviously be investment costs. The strategy that we took in November was very much about disposing of them to maximise the capital receipt and to reinvest the properties that we do maintain an interest in.

**Gareth Bacon AM:** There is a school of thought that disposing of property assets now may mean you do not obtain maximum value. If you hold on to them for two, three, four or five years, land values may change and you might get an increased receipt at some point in the future. Have you taken a view on that?

**Sue Budden (Director of Finance and Contractual Services, LFEPA):** Yes. One of the things that we want to do through the disposal process is look at overage clauses where, if the size of the development changes, you benefit from that and also look at future profit shares. It was a similar arrangement that we were trying to explore for 8 Albert Embankment, so we would look to take advantage of that. I do not think it is LFEPA's business particularly to be property speculators. We have a strategy that says these are surplus and we would look to dispose of them.

**Gareth Bacon AM:** The same question to you.

**Jane Bond (Director of Property Services, Metropolitan Police Service):** Absolutely. It is the same position. When we look to market buildings for sale, we put in overdue claw-back clauses to ensure that we take benefit of future market changes.

**Gareth Bacon AM:** Chairman, thank you very much.

**John Biggs AM (Chairman):** You both advise that it is not your core business to be property developers and we respect that, but obviously you are part of the wider GLA family and it may be that there are longer-term corporate land management issues that we can explore in later questions.

Also, from time to time - I know because of my former membership of the Metropolitan Police Authority (MPA), for example, we built various custody facilities. You get an out-of-town site and you build essentially a modern shed with many cells in it and it is seen as a good form of practice. You actually have to acquire property. You do that individually rather than corporately across the GLA family. Do you want to tell us a tiny bit about that?

**Jane Bond (Director of Property Services, Metropolitan Police Service):** I am happy to. We are not acquiring too much property at the moment. In fact, in the last year we acquired one site in Belvedere for a future vehicle recovery car pound facility. We do work across the GLA in looking at the assets the GLA holds as a total. We regularly update that database and we regularly review that database. If we were to look at future acquisitions, we would certainly go to the GLA database in the first instance to see what assets are available. Through the Single Property Unit discussions and conversations we have, we are also looking at opportunities that each of the bodies are bringing forward to make sure we take benefit where we can.

**John Biggs AM (Chairman):** That is a developing area of work. Were you to need compulsory purchase, the Metropolitan Police Service does not have compulsory purchase order (CPO) powers but you could use the wider GLA family to facilitate that?

**Jane Bond (Director of Property Services, Metropolitan Police Service):** Yes.

**Joanne McCartney AM:** Our friend Brian Coleman [former Assembly Member and Chair of the Budget and Performance Committee] always used to be dead against the Metropolitan Police Service selling off any property on the basis that it was selling the family silver and, once you have sold it, it is gone. I just wondered with local authorities in particular also in the same position - and I have no doubt that with the next cuts we are going to have, for example, more library closures and other services - have you thought about entering some joint ventures with local authorities where both could benefit and services can be preserved but at a smaller cost?

**Jane Bond (Director of Property Services, Metropolitan Police Service):** That is a slightly broader area of the [MPS/MOPAC] Estate Strategy. Outside of the area of buildings that we know are surplus to need, we are very much focusing on a borough-by-borough basis on how we can work with local authorities and community groups in terms of accommodation. We undertook a review of our local policing model this time last year and the outcome of that was to close a number of front counters. What we have also done is open up a number of contact points. On a weekly basis - and obviously it is for debate elsewhere - we are now taking and sharing accommodation with others.

In terms of the question about selling land or buildings we might need in the future, what we have found is that there are a number of assets that we have retained and, as I said earlier, just have not utilised effectively. Some of our buildings were occupied maybe 20% to 40% of the time and, if we were taking a more financially commercial approach to the use of buildings, you would expect to see buildings used between 60% and 80% of the time. We are not looking to dispose of those assets and impact on operational performance. It is very much the assets which are surplus to need.

There has been substantial investment over the last few years, certainly from the MPA onwards, where we have built a number of new sites and facilities. The Chairman mentioned custody facilities. There are other facilities - forensics labs and others - coming forward, so it gives us an opportunity to rationalise.

**Joanne McCartney AM:** My question still is about the partnership with local authorities, though. I agree that you have closed down police stations. I now have an officer in my local Morrison's in front of a magazine counter who has to be asked to move every time anyone wants to purchase anything. You also have them in some libraries, but those libraries themselves might be at risk in the future.

Perhaps I can ask Richard, if you do not mind. Is there anything you can do from your end to ensure that MOPAC and others actually come at those wider things? There may well be development opportunities with local authorities where you have joint aims and ambitions which could actually, long term, pay back more dividends for both parties.

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** Absolutely. It is certainly something we have sought to explore through the Single Property Unit. Clearly, it is a decision for the Metropolitan Police Service, the Fire Authority and others as to what they need for operational purposes. It is not my role to try to second-guess what they need for operational purposes. Clearly, however, where a site is identified as surplus, we will have a dialogue with the functional body about how that asset is disposed of.

**John Biggs AM (Chairman):** For every asset disposal?

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** Yes. We are notified of which assets are being disposed of and that gives us an opportunity to look at the list and have a dialogue with the functional body about some of those assets. Where a site is to be procured, such as the Hendon site by the Metropolitan Police Service, there was an extensive dialogue with the local authority in that instance. Whilst it is predominantly a residential-led site, there is play space and so on at that site, so we will have a dialogue with the local authority. Indeed, we will do the same with the GLA group assets that we are disposing of and we will talk very clearly with the local authority and take it through the procurement.

In terms of other uses, though, there has obviously been a very active dialogue around free schools with all the functional bodies and there has also been a dialogue about art and community space.

**John Biggs AM (Chairman):** If I could come back to other little areas that came out of your questions as well, several people here had the benefit of being on the MPA when it existed and I sat on the Finance and Resources Committee which used to receive reports about your disposals. Very often you would have different recommendations, which were all confidential, of course, but it might be an unconditional offer or it might be subject to planning.

That begs in my mind a question about the corporate approach. If it is subject to planning, it could imply a delay. It does beg a question of whether corporately one should be looking for planning before disposal. For the record, Mr Blakeway is nodding negatively, which is fine.

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** I am not sure it is the right approach.

**John Biggs AM (Chairman):** I am very happy for you to say that. I am just exploring this as a possibility. Another observation is that I remember one of the first meetings I had with the City of London Corporation when I was first elected and it became clear that it very rarely disposes of freeholds. It tends to hang on to leaseholds and that is one of the origins of its fabulous wealth, relatively speaking, compared to other local authorities. Again, there is a corporate question we can perhaps explore later about whether long-term interests as against short-term interests are served by different approaches to the disposal of assets and I think TfL is hinting at something in that direction.

I had one final question to the police about Hendon. Most of your sites are relatively small. Hendon is an enormous site and if it was not a police asset, then Mr Blakeway would have got his tentacles around it, I suspect, as a core GLA asset for primary housing purposes. Can you just talk us briefly how the bits of you worked together on the Hendon disposal? It is an enormous site.

**Jane Bond (Director of Property Services, Metropolitan Police Service):** Absolutely. In terms of the site itself, it is in the region of just a little over 70 acres. It accommodates one of our key call centre facilities, one of the 999 [emergency call centre] sites and 101 [non-emergency call centre] sites. There are a number of other functions that happen in that part of London in support of training, forensics and operational requirements for policing. The total area in terms of office and training facilities was in the region of 100,000m$^2$.

We undertook an extensive analysis of how we were using space and how we could more effectively use space and identified that what we needed going forwards was something closer to 21,000 m$^2$ of space, so we developed a strategy to reduce the acreage from 70 acres down to something in the region of 20 acres. We developed proposals in regard to a new building facility and to retain the medical facility and a building separately leased to another police body and developed a strategy for a new build. That strategy in terms of site was approved in principle through MOPAC.

The question obviously relates to what we did with the surplus land and how we released that. Having identified there was substantial land that we did not need in the longer term, we started working with our colleagues in the GLA. The Hendon site is in Colindale and is very key to the London Borough of Barnet in terms of the Colindale Area Action Plan and we wanted to make sure that if we were to release such substantial land, we did so in the right way and ensured that the future development was going to be right and beneficial to that part of London. We worked with the GLA. The London Development Panel had been set up at that point in time and we looked to use that as the route to market to dispose of our asset.

Working with the GLA team and working with the London Borough of Barnet team, we developed the outline in terms of the requirements that we had for the land for the future, taking on board the requirements of Barnet, taking on board the Mayoral requirements, and undertook a tendering process through the London Development Panel. The Panel followed its course and we had eight very strong bids. They were reduced down to four. Simon was quite heavily involved in that piece of work and others were. Obviously, four reduced down to two and the preferred bidder and successful bidder, Redrow, purchased the site earlier on this year.

**Simon Powell (Assistant Director for Strategic Projects and Property, GLA):** Coming back to one of your earlier comments about whether the agency or organisation seeks to get planning first or get the developer, there was an interesting example where a planning document put together, officer-led, between Barnet and also endorsed by the GLA. It gave some certainty to the developers that were pitching for that opportunity as to what scale of development they could get onsite, so that really helped to drive value.

**John Biggs AM (Chairman):** That would have been in the form of a planning brief from the local authority?

**Simon Powell (Assistant Director for Strategic Projects and Property, GLA):** Yes.

**John Biggs AM (Chairman):** You could have had an outline planning permission as well, I suppose, if you had wanted to, that secured the residential principle. Going to the 'schizophrenia', if you like, in the organisation, MOPAC/Metropolitan Police Service are driven by best value, the core GLA has this potential 30% discount if it is trying to secure other public benefits. The Mayor has corporate objectives which might have been served by the latter approach, but the fact that MOPAC owned the land would have mitigated against that. Is that a challenge or did you find a way around that?

**Jane Bond (Director of Property Services, Metropolitan Police Service):** Whilst we used the London Development Panel route and whilst we worked very closely with our GLA colleagues in terms of developing the planning requirements, the negotiations and discussions were led by MOPAC and the Metropolitan Police Service property team. We were very much interacting to ensure that we were following a procurement route and we wanted to make sure collectively that it worked well and that, as this was the first piece of real estate that was being sold through the Panel, we could ensure through the process that it was being managed effectively and working well. It was the MOPAC team that was leading the discussions and the negotiations.

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** If I can just add, clearly, the driver for the Metropolitan Police Service was a return on the site. Our driver was that this is a large residential-led scheme and we were very keen that a proper development agreement is wrapped around it with clear milestones to make sure that the site is actively developed within a short timescale. We were able to achieve both. The GLA's role was very much as a facilitator. We did play a role in the evaluation of the bids, though largely we were a facilitator and helped the Metropolitan Police Service to use the Panel, but the decisions were made by the Metropolitan Police Service.

Just returning to this point about securing planning in advance, there is clearly a cost to that. There is also a risk that what happens is that the developer decides to get a new planning consent and we end up in a position where the development is not happening and it so happens that there were about 1,500 homes anticipated by the Metropolitan Police Service previously. Our expectation from discussions with Redrow [developer] is that they will submit a planning application for more than that. Actually, if the Metropolitan Police Service had had that planning permission, we would have had fewer homes developed on that site, which obviously in terms of the wider policy and the pressing housing need would not be as good an outcome. The approach has been right and it will still see that site developed at a very fast pace, which would not necessarily be the case if the London Development Panel had not been used and if procurement had not been undertaken.

**Valerie Shawcross CBE AM:** I have a question generally on this relationship between the functional bodies. I had a case example when a fire station was being disposed of in West Norwood. A local academy wanted to acquire it in order to expand and create a sixth form. I was not on the Fire Authority at that time, but it seemed to me that the Fire Brigade's procedure was entirely driven by fiduciary duty. What was lacking was that the corporate policy approach from the GLA was not underpinned by the corporate financial interaction. The Fire Brigade pursued the best financial value for that site and the issue of a possible school expansion in an area of demand fell out of the process. They lost out, basically, because they could neither meet the timetables nor the financial competition from the private sector. There was not a mechanism by which the GLA could deliver its own corporate policies, in a way. Is that something that is lacking?

**Sue Budden (Director of Finance and Contractual Services, LFEPA):** Ben is closer to that, but on the timing, I do not know if the Single Property Unit was even in existence or in a much earlier state of development at that point, but I thought with that one we did give extensions, did we not?

**Ben Cameron (Head of Property, London Fire Brigade):** Yes. To be honest, the school did not have the resources behind it, which I think is what you are saying, to help it put something together in the timeframe in which we needed to deliver the process. Obviously, we had already bought a site and started to build the new fire station, so we needed to be able to sell.

**Valerie Shawcross CBE AM:** You needed to move quickly and you needed the money. That is not blame or an accusation. We understand that. What was lacking was a support mechanism, really, from City Hall to pursue a corporate policy of promoting educational facilities, I guess.

**Ben Cameron (Head of Property, London Fire Brigade):** Yes.

**John Biggs AM (Chairman):** Ordinarily in London, residential value would trump more or less anything else.

**Valerie Shawcross CBE AM:** Yes.

**Sue Budden (Director of Finance and Contractual Services, LFEPA):** It must be four years ago now.

**Valerie Shawcross CBE AM:** It just seems to work in theory that the Mayor has some aspirations to promote academies, etc, and as a city we have a deficit of places, but in practice there is not an underpinning financial mechanism to trump the functional bodies' financial duties.

**Sue Budden (Director of Finance and Contractual Services, LFEPA):** No, because that sits with us specifically as LFEPA.

**John Biggs AM (Chairman):** We are going to look at the Single Property Unit later on. When we do that, we could perhaps use this as an example of how things might have been different if that had existed when this transaction took place.

**Valerie Shawcross CBE AM:** Graeme, you were talking earlier on about how TfL is moving on disposals to growing the revenue yield from its estate. Can you talk to us a little bit more about that? It might be helpful if you could tell us a bit about how you go about assessing whether you should be going for a disposal, a joint development or a simple commercial lease transaction.

**Graeme Craig (Director of Commercial Development, TfL):** The way that we approached it was in the spring of last year to look across all of our estate. I had become Commercial Development Director two years ago, tasked with growing substantially TfL's commercial revenue. At that stage, I was less clear than I am now about where we are going to find the money and a lot of what I was doing over the first year was just identifying where we would find the money, what is long term, what is short term, what is high and low risk, what is going to require significant investment and, critically also, what the implications of this are for the organisation. What does it take in terms of an engine to make these things happen? It was in the context of looking to generate long-term revenue with a team for TfL.

For me, increasingly, looking across the network, there were some examples that would make one weep in terms of where we had retained one station and sold off a different station and we might have received a cheque for that, but for the rest of time the wholesale redevelopment of that asset is impacted by the fact that we have done one small deal in a core part or next to a core part of one of our assets.

**Valerie Shawcross CBE AM:** You can compulsory purchase them back, though. I have seen Network Rail do that, even if it is lease.

**Graeme Craig (Director of Commercial Development, TfL):** If you are setting off and there are houses being built and if you are doing this for commercial reasons rather than for wholesale redevelopments. There are real life examples of where historically we have sold off individual assets. There have also been individual schemes the end result of which I cannot claim to say I look at with any great pride. There are some, indeed, that were in flight where it comes to the heart of who gets planning. There are some specific examples of where planning permission has been granted for schemes that may have been the right answer for the developer but I am not sure, in and around our infrastructure, it was the right answer for transport or it was the right answer for London.

An emerging thought over the course of a year or so was that, whether we like it or not, TfL is a property company. If you own 5,500 acres of land in London, if you have an asset base worth billions of pounds, you are a property company. We should be more like a property company and we should be more akin to the great estates in London like the Grosvenor and the Crown Estates and others that have retained what they have and invested in it to get a long-term return. That is a different situation from the others on this side of the table because we need those assets. As I said, there are specific examples of where we have sold off elements anyway.

We had this emerging thought. In the spring of last year, we went and looked through all the assets we own. We identified 511 developable sites and worked that down to a shortlist of 200 that potentially could be taken forward. Of those 200, there were 120 that we would struggle to develop over the course of the next ten years, largely for planning reasons or because of the amount of work required upfront. We have settled on 75 that we believe we can take forward over the course of the next ten years. Some of those are ready for development. They are unencumbered operational sites and we could take them forward and bring forward housing and bring forward improvements to stations. Elsewhere, it is currently [train] depot land, for example, and we need to work through a long-term depot strategy for the organisation and/or the implications and costs of looking to deck over a depot, again, to provide amenities and housing that might not be the case.

From the 75 sites, those sites have a current land value. If we were to take them all forward, they have a current land value of £1.8 billion. They are not all going to be developable, but at present we are looking to take forward as many as possible of those sites, some of which will be deliverable in the short term. Somewhere near the top of that list would be a station like South Kensington that we have been trying for 30-odd years to develop. Again, a number of parties at TfL's behest have proposed a variety of rather unsympathetic over-station developments.

Meanwhile, down Pelham Street, which could happily accommodate 20 three-storey townhouses, for the last 30 or 40 years we have had a brick wall and a wooden fence and retail, for example, in South Kensington that bears no relationship at all to the numbers and quality of people who use the station and indeed the quality of the serving asset.

That is a specific example where I would be keen that TfL takes forward planning. I would be keen that TfL takes that forward on the basis of not trying to generate the most money in the short term because that is where previous schemes have failed, but where TfL would be saying that it believes that in consultation with the Royal Borough [of Kensington and Chelsea], local residents groups, English Heritage and others it can identify the right long-term answer for that station and try to come up with the very best it can for South Kensington, something that would be a step-change in the station. It is, again, one of those stations that just at half-term stops working because there is no step-free access and you get people going to the museums and institutions who struggle up the stairs. It is perfectly possible at that location to come up with a scheme in which a modest degree of development can accompany a substantial improvement in the operation of the station and the introduction of step-free access. From a TfL point of view, slaying the ghosts and dragons of 30 years of failed attempts to improve that station would be an important benchmark. It is one of 75 schemes we would look to take forward.

Given the scale of the assets we have and given the range of the portfolio, some assets will be focused more on delivering operational improvements. Some may be more focused on a revenue-generating opportunity elsewhere. There may not be much money in it, but there may be the opportunity to improve something like Morden, as an example. Just us working with Merton in order to improve Morden is part of what I would like to see happening over the course of the next ten years. We have a large enough range of assets that the drivers will vary somewhat and the mechanisms through which it is achieved will vary somewhat. Ultimately, we need to have a portfolio with a view, but the actual mechanism in terms of how you deal with individual schemes.

The default position I have is that we will take these forward through joint ventures and identify a relatively small number of partners with whom we are looking to take these schemes forward. However, in terms of whether at the end of that joint-venture development you dispose of the properties, retain a long lease or whatever, there are also opportunities for TfL to get more into the private rented sector as a mechanism for generating long-term returns. You end up looking at what the right answer is site-by-site across the network and then understanding what a blend of those things means for the portfolio as a whole.

**Valerie Shawcross CBE AM:** The answer was that a site-by-site assessment is what you are going to do?

**Graeme Craig (Director of Commercial Development, TfL):** Yes.

**Valerie Shawcross CBE AM:** You are aiming for a balanced approach with a mix of different solutions?

**Graeme Craig (Director of Commercial Development, TfL):** Yes.

**Valerie Shawcross CBE AM:** The implication was, though, that you were trying to focus more on revenue streams, although you have just described quite a lot of development projects and disposals. At the moment, it seems to me that TfL is relatively capital-rich and relatively much more revenue-poor than it has been for some time. Is that in a way distorting or directing the way you are approaching your asset base at the moment? Are you overvaluing revenue streams or do you think, in fact, what has happened over the years is that that has been undervalued as opposed to the quick fix and sell it approach?

**Graeme Craig (Director of Commercial Development, TfL):** From a TfL point of view, it is clear that what we should be doing is focus on long-term revenue. That can be long-term capital receipts. That could be long-term recurring revenues. If you focus on the right thing to do in the long-term, generally that is a reasonable starting point. That does not mean that you wait around for ten years and do nothing because you expect the values are going to grow, but if you are understanding it on a site-by-site basis and if you are doing the maths in terms of the right approach for the site and what is going to deliver the most long-term value for that site, you will generally come up with the right approach to be taken.

**Valerie Shawcross CBE AM:** There was an implication in what you were saying, Graeme, that you think over the years TfL has underexploited its assets, really. We can all think of a Tube station where the air space just has not been used and you wonder why. For what is a very comprehensive and complicated upgraded programme of work, which is what you are describing here, do you think you actually have the people resources and the teams within TfL to deliver that without coming unstuck and getting overstretched?

**Graeme Craig (Director of Commercial Development, TfL):** We have nothing like the resource we require, but I am keen that we build the resource. I am seeking to put together a proposal that will ultimately go to the TfL Board which says we have probably just about the best asset base in the country and we have done not nearly enough to exploit it over several decades and there is a fantastic opportunity to be doing more. This is one of those situations where there is no downside. If we can develop our stations working with partners, local authorities and others in order to create housing and create amenities and if at the same time we can improve our stations and if the end result is net receipts that can get reinvested back in the transport system, it is difficult to see what the downside of that is.

**Valerie Shawcross CBE AM:** We are happy to hear certainly that you have included disability access in the mix of the value to be gained.

There was a quick question about one of the particular joint ventures that is controversial at the moment, although [Sir] Peter Hendy [Commissioner, TfL] is going to be coming to the Transport Committee so we will be asking him much more about the Earls Court redevelopment.

Could you tell us a little bit about how TfL sees itself? Why have you entered into the joint venture with Capco for the Earls Court development from a financial point of view?

**Graeme Craig (Director of Commercial Development, TfL):** From a financial point of view and the reason we have entered into a joint venture, again, if you go back two years, TfL at that stage was supportive of the development, was looking to dispose of its assets and had an assumption within its business plan of £212 million as a receipt from Earls Court. From very quick work, it was clear that given the scale of development in terms of both what is now Earls Court Village - 27.5 acres - and also 70 acre broader master plan, and given the likely implications in terms of the levels of development and expected growth, TfL could and should, we felt, be a party to that capturing of growth over time. We entered into negotiations with Capco. Those were initially by no means straightforward. Capco was extremely reluctant to enter into a joint venture with TfL. In part, that was because - and I know this will come as a surprise - Capco had a concern that TfL might be a somewhat bureaucratic and slow organisation, unwilling to operate --

**John Biggs AM (Chairman):** Perish the thought! Can we note in brackets, “Chair’s irony”, at that point?

**Graeme Craig (Director of Commercial Development, TfL):** We managed to convince them that that was the only deal we would do. We are now a minority shareholder of 37%. The percentage shareholding was based on our respective interest and takes into account to some extent the work

Capco had already done and the money they had spent and other land they had acquired. At the end of our negotiation, we became a 37% shareholder.

Part of what we need to do is to gear up to be a minority shareholder in Earls Court. It is a major development. We need to be in a position where we are participating. It is not about simply me and my team ensuring we protect TfL's interests. If we are as we aspire to be, then we need to be in a position where I have people in my team who are able to sit down with architects, engineers and others and help to create value and ensure we have the right scheme in the long term, working with Capco. We are a minority shareholder, but it does not mean we are a silent partner. From my point of view, it is the single biggest commercial opportunity we will have certainly over the course of the next ten years.

**Valerie Shawcross CBE AM:** I do not know an awful lot about it, but that opportunity is something you have been working on before you actually have your upgraded functionality in place?

**Graeme Craig (Director of Commercial Development, TfL):** Yes.

**Valerie Shawcross CBE AM:** Do you think in hindsight it would have been better to start looking at that project at a later date? It has appeared during a period of transition and you are not there yet. Is that what you are saying?

**Graeme Craig (Director of Commercial Development, TfL):** The timing was not mine to choose, but given the scale of opportunity I am sure that it was the right thing for TfL to enter into a joint venture with Capco and for TfL to capture the increase in value over time. At the moment, I have to prioritise Earls Court.

The danger is that we are not sufficiently resourced in order to manage the other 74 sites. Part of what I need to do is to understand both in the long term and the short term how we take forward those 74 because, for me, it is not just about Earls Court. There is a fantastic range of schemes and I am more than happy to come back at some point in the future and talk through what those schemes are. There is a fantastic range of things that we can do that would be transformational across London.

**Valerie Shawcross CBE AM:** There will be the fallout from the Fit for the Future programme as well, which we have discussed here previously, with the commercialisation of some of those ticket office-type areas.

A last question. Is TfL considering other joint ventures? Do you have anything else on the books specifically at the moment to increase its commercial income, anything major? We have talked about lots of smaller locations, but is there anything else brewing that we can know about?

**Graeme Craig (Director of Commercial Development, TfL):** For me, it generally falls into short-term things we are doing that will generate reasonable amounts of money and longer-term opportunities. The longer-term opportunities are the larger opportunities, the ones you would expect: South Kensington, Old Street, Golders Green, Baker Street. There is no shortage of sites.

**Valerie Shawcross CBE AM:** There is not something specific that you would want to mention as coming up?

**Graeme Craig (Director of Commercial Development, TfL):** At the moment, we have gone through the exercise and we did find 75 and we have prioritised 75.

**Valerie Shawcross CBE AM:** What is top of your 75 list, then?

**Graeme Craig (Director of Commercial Development, TfL):** In terms of value, it is Earls Court and then probably South Kensington comes next in terms of schemes I am keen to do. There are other schemes like Camden, where, again, the station does not work. We are working with London Underground.

Here is a nice example. We have actually acquired a property in Camden that adjoins the station and that we were able to acquire on the basis of there being a future development of the station. The cost of the acquisition is covered by the reduction in risk and the reduction of cost to the subsequent project. TfL effectively at net cost is able to acquire land commercially that can then be used to de-risk the development of a station that also then TfL can subsequently commercially exploit. Those are the sorts of things we should be looking to do across London.

**Valerie Shawcross CBE AM:** Just a general professional question about this kind of joint venture. Do you think there is an economy of scale in terms of the capacity you need as an organisation to be able to deliver it? I am thinking of the recent crash-and-burn of the London Fire Brigade's Native Land [development firm] project for the old headquarters, which we were all involved in. By comparison to TfL, the London Fire Brigade is a much, much smaller organisation. Ben [Cameron] just said she has three people who do this kind of asset work. If you are a small organisation, do you think that you should not bother to try to do this and that you need some kind of staff resource base of a significant size to manage it properly?

**Graeme Craig (Director of Commercial Development, TfL):** It is largely driven by the scale and type of assets you have. TfL, from a property point of view, has been under-resourced for too long and will have to invest in having the right systems, the right processes and the right people in order to take these things forward. It is not worth entering into all the complex negotiations required for a joint venture. It requires a scale of site to make a joint venture worthwhile. You have to be taking a view as to what is happening in terms of value. You have to identify the right joint venture partner. It is a not-insubstantial undertaking.

**Valerie Shawcross CBE AM:** My question, which is not meant aggressively, is actually, within the GLA family, should a small functional body actually be taking the lead on developing a joint venture? Should these resources be pooled?

**Graeme Craig (Director of Commercial Development, TfL):** We have. We talk more than we ever have done.

**John Biggs AM (Chairman):** A little bit.

**Graeme Craig (Director of Commercial Development, TfL):** We talk a lot. We have a Single Property Unit. I am not sure that we have an effective single approach across the GLA family because I am not sure that our portfolios are aligned. I am not sure that our objectives are entirely aligned, for good reasons. The important thing to do is to understand that even if there is not - and I do not think there ever can be - a single strategy across the whole team, you have to make sure the strategies that are in place reference each other.

**Valerie Shawcross CBE AM:** It is all right, Graeme. I am not really talking about strategies. I am talking about staff capacity, really, and expertise and what machinery you need to deliver these things.

**Graeme Craig (Director of Commercial Development, TfL):** On specific examples, TfL provides the compulsory purchase skills across the portfolio and that is a real-life practical example where, if you have a core element of expertise, it can be exploited.

**Valerie Shawcross CBE AM:** Thank you.

**John Biggs AM (Chairman):** I have a couple of questions, if I can indulge myself as Chairman. There is a nice picture in the paper today of a python that has just eaten an alligator. I am looking at Rick Blakeway potentially as the python and TfL potentially as the alligator. Presumably, you are in a real partnership with TfL on this stuff?

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** There is definitely a lot more dialogue, more than there has ever been. In this second Mayoral term, there has been a real focus around co-ordinating the activities within the property portfolios of each functional body. There is an extensive discussion with Graeme and he has taken us through every stage. We have been able to come in on specific sites and as it goes forward we will, certainly around the disposal of some of those sites, get quite involved in that.

**Graeme Craig (Director of Commercial Development, TfL):** Yes.

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** I am not sure. There is not a separation here. There is a lot of dialogue. You are a bit suspicious of my answer.

**John Biggs AM (Chairman):** I am always suspicious when my man is not the Mayor.

**Valerie Shawcross CBE AM:** And when he is, actually.

**John Biggs AM (Chairman):** Yes, that was the other area of suspicion.

Our briefing tells us that TfL is currently drawing up a new property strategy. If I was a cynic, I would say that Graeme's presentation said that TfL's property strategy is to do whatever it wants, wherever it wants, however it suits it. Is there a property strategy in formation and where are we with that? I am not a cynic, by the way.

**Graeme Craig (Director of Commercial Development, TfL):** We will have a property strategy in the summer and, critically, the outputs of that property strategy will feed into the next iteration of TfL's business plan. That will include the requirements for resource and other support in order to make it happen.

**John Biggs AM (Chairman):** That is a slightly Delphic reply. There will be one and it will do everything we want it to do?

**Graeme Craig (Director of Commercial Development, TfL):** Yes.

**John Biggs AM (Chairman):** Maybe the Committee would like to look at that at some stage alongside the Transport Committee. Richard will play a very intrinsic role in ensuring this strategy is formulated with his able assistant, Simon. Yes?

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** Yes.

**Simon Powell (Assistant Director for Strategic Projects and Property, GLA):** Yes.

**John Biggs AM (Chairman):** Everyone is agreeing with everyone. That is very helpful. Another question, then, which is about bus garages. Before you came along, Graeme, TfL or the Government got into a pickle because the privatised bus companies ended up flogging bus garages which operationally would be in core locations. I take it that the core purpose of TfL will not be diluted by development.

**Graeme Craig (Director of Commercial Development, TfL):** Not one jot.

**John Biggs AM (Chairman):** Obviously, if I was an official of the National Union of Rail, Maritime and Transport Workers, which I am not, I would say the commercialisation of former ticket offices might be an example of how you would be diluting operational purposes. Are you licking your lips at the prospect of putting retail into ticket offices?

**Graeme Craig (Director of Commercial Development, TfL):** That is not the way I would characterise it. Part of what I am looking to do is to understand how we make the best use of stations as a whole.

We have started to roll out click-and-collect in car parks. We have 62 car parks and there is a fantastic opportunity for us to be able to allow people to order things on the way into work in the morning and pick them up on the way home. A sensible place to start is to offer that within car parks. Subsequently, it would make sense to bring click-and-collect into stations, but there is an example of where the last thing you would want is for a station to stop functioning because you have a queue of people trying to get their groceries on the way home. We would not be looking to bring things like click-and-collect into stations let alone into former ticket offices until we are absolutely sure that it is going to work.

More broadly, there are lots of opportunities at our stations that are not dependent on ticket offices. In general, what makes most money for us is advertising. Advertising makes massively more than retail. At the moment, there is too much advertising. It can be a bit 'shouty' and our stations can be a bit cluttered, so having fewer, more prime sites for advertising and understanding how that can sit alongside retail and also at particular stations left luggage, business lounges, vending. There is a wide variety of things that we could do.

We then start to go beyond that and say we have on the Underground alone 270 stations and the right answer will be station-by-station across the network. Part of my job is to understand how you can create space in and around stations, whether that is car parks or making better use of back-office space or developing stations, but then you have the ability to ask what the right answer is for that station. The right answer could be retail or it could be click-and-collect. Equally, it could be a local library, a crèche or cycle parking, a post office or a police station. There are myriad different things we could do in part because they can generate money and in part because they can help to bind those stations into the areas they serve. We can take a long-term as well as a short-term view as to how we make the best use of the stations. We are in a fortunate position in that those stations that have more space are those ones that tend to be lying further out. That is where there is the most we can do in order to think more creatively than we have done about the best use of that space, think about them as being more than places where people get on and off trains and understand how we can create the greatest amenity that we can from that space. Given the footfall of stations, it is an obvious logical place for community help-type activities to be.

**John Biggs AM (Chairman):** Implicit in your answer, then, is that assuming ticket office closures substantially go ahead - and I know there is a bit of a pause on that - many of these outer London stations will have property assets which will become available for other uses and you are actively considering what those other uses would be.

**Graeme Craig (Director of Commercial Development, TfL):** 'Actively considering' would make it seem as if it was a higher priority than currently it is. There are more than enough other things for me to be focusing on without getting too excited about when ticket offices might become available.

**John Biggs AM (Chairman):** Your property strategy will talk about public purposes as against commercial purposes, for example?

**Graeme Craig (Director of Commercial Development, TfL):** Both.

**John Biggs AM (Chairman):** An example I have used before is at one of my local stations. I have moved around a little bit. There was newsagent kiosk and I used to get my paper there every day and a packet of chewing gum or whatever. One day, the guy who ran it, whom I had known for many years and who knew I was a local representative, said, "I am closing because TfL has slapped up my rent to a higher commercial rate", which is fine. That is how you operate a business. Then it closed and it was closed for about three years after that and presumably no rent was collected during that period. It opened as a drycleaner and that then closed. I am not too sure what is happening there now. It was a coffee shop briefly but that closed, again. You could end up defeating objectives and defeating a traditional public purpose through commercialisation. Is that a risk?

**Graeme Craig (Director of Commercial Development, TfL):** It is a risk if you do it badly.

**John Biggs AM (Chairman):** This was before you came along, so it was done badly.

**Graeme Craig (Director of Commercial Development, TfL):** What we historically had done was to advertise when sites became vacant and whoever met the rent we had would get the unit. You ended up with stations where you had multiples of the same thing or those basic amenities that people had were not met. It requires work, but you need to have a merchandising mix and a tenant mix where you are identifying the right combination of things for that station. The individual components will be broadly the same, but then you need to work through what is the right answer for that particular location, in part influenced by the people who are using the station and part influenced by what is around about it.

We have done work on what it is that people want most in their stations. Then we are able to use that analysis to be able to say at individual locations, if there is space of 150 square feet, this is what goes in or, if there are 450 square feet, then these are the range of options that you have. That is exactly, I think, as you would expect. Increasingly, again, we are not focused on, and we are seeking to move away from, fixed rents to turnover rents where depending on the amount that someone makes we then share on the upside or share in the pain if they are less successful.

Also, just to address one point lest anyone raises it, it is not about getting rid of sole traders and independents and bringing in Tesco's, Sainsbury's, Waitrose and the rest. There is more opportunity for more high street brands to work with us, but it is important also that those locally beloved people on our estate should continue and they have to form part of the mix. Even where they are there, however, we have to make sure we have higher quality. Too much of the retail we have is shoddy and unpleasant and it does not provide the amenity. Where there are independent traders, there are standards and those standards will have to be met, but we can work with the traders in order to enable them to achieve that.

**Joanne McCartney AM:** Two questions. If I take a station, for example, such as my local Southgate Tube station, it is a bit shabby. There is retail there. Will your strategy enable you to have the funding to do the investment or, a bit like MOPAC and LFEPA, you cannot do that until you sell the other properties to pay for it?

**Graeme Craig (Director of Commercial Development, Transport for London):** Southgate is not one of our 75 in terms of major development.

**Joanne McCartney AM:** I mean in general terms, using that as an example.

**Graeme Craig (Director of Commercial Development, Transport for London):** Southgate is a great example in the sense that it is a Grade II listed Charles Holden [architect] station with beautiful architecture and less pleasant on the inside than it should be. The station itself has far too many small rooms. There are things you could do, not particularly capital-intensive, in order to improve the quality of what is there.

Southgate is one that we did look at in terms of whether there is an opportunity to develop them more broadly. That seems more difficult, so it therefore falls away from the property development into more asset management. I have talked about 75 schemes that we want to take forward for major development. There are many hundreds that we should be taking forward from an asset management point of view.

On a long list, part of what we want to do is, say at stations like Southgate, we need to have people in greater numbers than we currently do who are in a position to understand what is the right answer for places like Southgate and how, in a reasonably non-expensive way, there are substantial improvements you can make to those stations. It is not about knocking it down and starting again, particularly when you have great architecture that is there already, but you can do a lot more in order to improve them. It is improving the cleaning. It is improving the lighting. It is improving the look and feel of the station, including working with the right retailers.

**John Biggs AM (Chairman):** Why not flog it and lease it back, then? You could get the creative hand of the private sector which, I am sure, could do far better than the dunderheads in TfL.

**Graeme Craig (Director of Commercial Development, Transport for London):** I come back to what I said earlier. Given the numbers of assets that we have and given the value of assets we have, we may not have the processes and people at the moment. However, we need them. We should be doing this stuff and not going to be passing it over to someone else and trusting someone else to run our station assets for us. That is never going to work.

**Joanne McCartney AM:** Outside the 75, will the rest form part of the strategy or development?

**Graeme Craig (Director of Commercial Development, Transport for London):** Yes.

**Joanne McCartney AM:** Will there be a *pro rata* list for other stations?

**Graeme Craig (Director of Commercial Development, Transport for London):** We do not have a list at present, but we will need one.

**Joanne McCartney AM:** My second question, then. We talked about housing versus commercial development. In another committee we have looked at the future of local high streets and how fragile they can be. It seems to me that if you put a Sainsbury's Local or Tesco Express in one of the stations you could actually do harm to a local high street that is really fragile. I am just wondering whether that is taken in to your consideration as well.

**Graeme Craig (Director of Commercial Development, Transport for London):** As it happens I had a conversation last week, let me say, with a Member of Parliament from North London. They from North London were interested in whether it would be possible for a number of local traders to come together and between them occupy space in our station so they could have a click-and-collect but a local one where between them they man the space in the station and give people the opportunity to get from their local beloved retailer food on the way home. That is the sort of thing I would love to try. We have a large enough network to be able to try it. The answer will not be the same everywhere across London.

However, there are fantastic opportunities for us to come up with innovative ways of working. It does not help me, it does not help the transport network and it does not help London if what we are doing is using our stations to put further pressure on the high streets. It should be perfectly possible for us to work together.

**Joanne McCartney AM:** You have not exactly answered the question there. Will it factor in your commercial decisions? It strikes me that the Mayor, for example, in his Outer London Fund is giving money to revamp some of our high streets. If the Tube station at the end of the high street is taking business away, I am just wondering what the balance is between that.

**Graeme Craig (Director of Commercial Development, Transport for London):** Sorry, in coming up with the right answer station-by-station, it is absolutely not the case that we think only within the red line of the station. In order to work out what is the right thing for the station, you have to understand the context of the station. It is not about doing things that we are doing to the detriment of the area around the station. These stations work best when they are connected in, more strongly than they are at present, to the areas they serve.

**Joanne McCartney AM:** Is it an issue whether the criteria is explicit in your strategy and then whether there is an overarching strategy from the GLA that sets this out, which was going to be a question on my lips.

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** In terms of the overall approach, clearly, we pushed housing very hard. Free schools have also been heavily promoted. It is absolutely fair to look at the balance of retail and how that fits locally.

It is fair to say that with Graeme's work so far he has reached the stage where the list is identified and what is marketable now is identified. There is obviously now another stage of work to look at those individual sites in more detail. I am sure what you are suggesting about its fit in the local high street will be taken into account. It is certainly something that we will propose to TfL.

**John Biggs AM (Chairman):** You have provoked me to ask another question, Richard. Say Gareth Bacon Property Development came along to you and said, "For Southgate station, I can guarantee you that you are going to keep it as a station and have a ticket office if you want one and access and your staff will have facilities, but I can take it off your hands and make it into a far more vibrant retail hub which would not interfere with the transport operations". You are saying implicit in your policy you would reject any such approach?

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** Yes.

**John Biggs AM (Chairman):** Okay, that is very clear. So, Gareth, it is not going to work. The other half question, then, is about Crossrail, which is not here today, and whether it has factored retail in to the small number of new stations that they have been building. In fact, many of them they share with you, such as Whitechapel. Is there an approach to that which is maximising or optimising the revenue potentially from commercial activities?

**Graeme Craig (Director of Commercial Development, Transport for London):** We are working with Crossrail. Lots of decisions on Crossrail design were taken several years ago. Not all of those decisions are necessarily ones that we would take now. However, within the constraints that have been set, we are working with Crossrail on what we can do in order to maximise commercial opportunities.

**John Biggs AM (Chairman):** That may be a tantalising question to explore elsewhere. Can we ask for the list of the 75, by the way? You could send it to us outside the meeting. I am sure that is available.

**Darren Johnson AM:** How does the GLA's approach to property assets and disposals compare to those of MOPAC, LFEPA and TfL?

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** Most of our assets are for development purposes, not operational purposes. There are a few notable exceptions to that. The National Sport Centre (NSC), for example, at Crystal Palace is one of the few very clear operational assets that the GLA has.

**Darren Johnson AM:** Do you intend to retain control of that and your share in ExCeL and so on or are they up for disposal as well?

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** There are lots of different things in there. Insofar as the NSC is concerned, it is on a 125-year lease from Bromley Council. It is absolutely our intention to retain that. We are in the process of appointing consultants to look at the future of the Centre and how it can be improved because you will be aware that there is a lot of space which actually is not used within it at the moment. In the meantime, Greenwich Leisure Limited is appointed, as you know, as our operators for the remainder of this Mayoral term until 2016.

On something like ExCeL, it is more complicated. ExCeL is our largest income generator. The GLA gets circa £3 million of income from its assets, about a third of which is ExCeL, so it is a significant source of revenue for the GLA.

There is a wider discussion about our future in the Royal Docks regeneration. At the moment, we are very focused on developing the sites at Silvertown Quays and at Royal Albert Dock as well as elsewhere. There is some housing at Notting Hill and so on at Galleon. We need to look at the whole of the future there. However, at the moment, I do not envisage that we would want to forego what is £1 million of revenue.

**Darren Johnson AM:** Going back to the Chairman's earlier comparison with the City of London Corporation and how it has been able to build up incredible wealth through retaining freeholds and leasing them, presumably that same approach is applying to ExCeL in that you want to retain the income?

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** Yes. This is interesting. I would just like to dwell on this very briefly.

As I said at the outset, the GLA's landholdings are formed from three bodies, predominately. For the most part, if you were to look at it on a map - and indeed, we can give you a map of them - they are not strategic in terms of how predecessor bodies acquired those sites and the position we have ended up inheriting there. We own everything from a half-acre in Branch Road in Tower Hamlets through to the dock bed in the Royal Docks. It is quite a diverse collection of assets.

There are three exceptions to what I would describe as quite a mixed and varied portfolio, which is largely un-strategic in terms of all their locations and concentrations. There are probably three exceptions: our employment-led land in East London around Dagenham, the Royal Docks where we have about 200 hectares of ownership and a clear concentration of land in Greenwich Peninsula where we have a long-term partnership with a developer.

After that, it is a geographically spread mix. We have a lot of hospital sites, about five hospital sites, as you will be aware. However, again, quite a mix, everywhere from Tower Hamlets to Croydon, so a real mix. That contrasts very differently, therefore, to the City of London Corporation or to the Crown Estate or to these other bodies that have built up a land portfolio which is more geographically concentrated. For the most part and a lot of the assets I have talked about, possible sites and all that, they do not generate income. Indeed, many of them have significant state management costs associated with them.

Going forward, there is a big question about what we do around the Royal Docks, because we do have a concentration there. There is a big question about what we do around Dagenham and Greenwich

Peninsula. For the remainder of the sites, disposing of the freehold is the right thing to do because it will produce better value for us. We have no other land interests in the surrounding area, for the most part. We have no prospective income generation from it. Obviously, we will have provisions to make sure that we get overage and so on. For the most part, there is not a case for a long-term interest from the GLA.

That may change in the future, looking at the GLA's role. Certainly, if the GLA were to look at acquiring assets in the future, then we would very much focus that around a spatial strategy. Housing zones, for example, is one of the things you could consider if you have ten housing zones, us taking a land interest. However, that is driven by a whole load of other interests in terms of developing that area. It is very spatially driven, which was not the case with the portfolio that we inherited. The portfolio we inherited, as I say, is very mixed.

**Darren Johnson AM:** You are talking about having an exit strategy in place for most of the holdings by 2016.

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** The developer portfolios, yes.

**Darren Johnson AM:** However, there will obviously be exceptions to that, you are saying, where the GLA will want to retain a long-term interest?

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** That is correct. An exit strategy does not necessarily mean that we have disposed of it by 2016. If you like, we have an exit strategy for Greenwich Peninsula. For that we have a development partner in place. That will be a development that will take many, many years to build out. It is 10,000 homes and commercial space as well, so it will take many years. An exit strategy does not necessarily equate to disposal by 2016.

What we clearly need to know in this Mayoral term, though, is what we intend to do with those assets. At the moment we are well ahead of track to achieving that. About 85% of the GLA's portfolio or 660-odd hectares is now either developed, in a development agreement or being actively marketed. We are well on track towards 2016, given we are in the early part of 2014. For the remaining 15%, much of that will come to market during the next financial year. We have clear ideas. They are just not formally marketed yet on the majority of the remaining 15%.

In this Mayoral term most of what you will see, therefore, is us determining what the purpose of that asset is, getting it to market, getting a development agreement in place and where it does not have planning consent - some of our sites did when we inherited them but many do not - proceeding to develop loans. Starting this year but more towards the end of this Mayoral term, you will start to see ground breakings, infrastructure and activity post-planning on those sites. The next Mayor will be in the enviable position of cutting lots of ribbons and seeing homes being completed. In this Mayoral term a lot of our work is the heavy lifting to get a development partner in place and get the planning in place.

**Darren Johnson AM:** What sort of exit strategy are you considering for the 40 properties you have categorised as having limited marketability?

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** For the 40 properties which have limited marketability, it will vary.

**Darren Johnson AM:** Give us an example of some of those.

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** One of those sites that you are referring to is Dock Water. With Dock Water, as you know, we are currently conducting procurement for the development of part of Royal Victoria Dock. We will have to see how that goes. We have a shortlist now of two bidders for that site. Clearly testing the development of the dock bed is still at the early stages. What then happens to the remainder of the dock bed gets a lot more complicated because you have the Regatta Centre, Royal Albert Dock and so on and you have flight zones for City Airport we need to consider. However, there is an initial bit of activity to develop some of that dock water in Royal Victoria. There is a commercial space which is occupied by a charity in Tooting. I think it is the Trident Business Centre which is occupied by a charity. There is not an immediate development opportunity there. We have a charitable occupier. I think it is status quo with that.

**Darren Johnson AM:** Is that an option for some of the holdings that you own, some sort of community venture like that or land trusts and so on? Is that something that you are actively looking at rather than a straightforward commercial disposal?

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** Yes, but just to finish on the 40 that we have, there are very good reasons why those are not very developable. Where we are at the moment, there is a lot that is very developable and our effort and time should be focused on making sure that is happening. That is where our resource is going at the moment.

In terms of an engagement with the local community, again that is still compatible with securing a development partner. You will be very aware, for example, that we have the East London Community Land Trust which is taking the intermediate housing on St Clement's. The scheme will be developed by a private developer, Galliford. It will have a housing association for the rented homes but the intermediate will be held by a community land trust. Indeed, the freehold will transfer to a community body. Just because a private developer is developing, it does not mean it is to the exclusion of any community involvement.

**Darren Johnson AM:** Could that be a model for a significant part of the holdings, do you think?

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** Potentially, and we will always give it consideration, but it will not necessarily be the right approach on every site. For example, obviously a lot of community engagement is organic and it will not necessarily exist in every part of London.

**Darren Johnson AM:** There may be the possibility of deals with local authorities on social housing and so on as well, given local authorities now in around half the boroughs in London are actively involved in building new council housing for the first time in decades. There could be opportunities there?

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** It is certainly correct to say that about half of London local authorities are being funded by the GLA and active in development. There are some circumstances where we have worked very closely with the local authority around their landholdings. Haringey Heartlands is a good example of that. We have a 19% interest. It is that special grid that is the majority landowner. However, that 19% interest relates back to our work with Haringey Council. We will obviously work closely with local authorities and indeed we are.

**Darren Johnson AM:** Part of the deal could be actually giving them land rather than simply funding, could it not?

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** I do not see a case for the GLA transferring its land to another body when it could do the job itself. Transferring it would have tax implications. It would obviously delay the development of the site. Clearly, we can do this ourselves.

Some local authorities may want to partner with someone and bid for a site, which is perfectly possible. In most instances, local authorities, including those that are doing their own development, are looking at using the London Development Panel. We have nine boroughs signed up to the London Development Panel, for example, and they are actively using that themselves.

**Darren Johnson AM:** How active will the GLA be in acquiring land over the next two years and beyond that?

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** It is something which we are actively looking at. In particular, it is something which we will look at around housing. We will say more on that during the summer. There is a potential case for us to do it. However, there are a number of considerations on that and one of those considerations is to what extent we can work with other public landowners and why you would have a public body intervening there. There is a case but it will be very spatially driven compared to previous strategies. English Partnerships, for example, had a strategy of acquiring National Health Service (NHS) hospital sites which we are now developing. I do not think we would have same approach of picking one bit of the public sector and just acquiring assets from that.

**Darren Johnson AM:** You are going to be more geographically focused?

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** Ours is more spatially driven going forward where we might have acquisitions.

**John Biggs AM (Chairman):** By spatially, you mean for land assembly purposes?

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** There are a number of things. We would find an area of London and focus around that. That is the purpose of housing zones. We could use our land assembly powers, we could use our CPO powers or we could acquire land. There are a number of different things which we can do in terms of using our land more.

The other important point is that clearly there are a number of Whitehall bodies which are under pressure from the Government to dispose of assets. We might not necessarily acquire those assets, but certainly what we are doing is working with those bodies around the disposal of those assets. That includes the NHS, for example, which is probably the largest single opportunity that we have in

London, as well as others. Even if we do not necessarily own the title to the land, we could still help facilitate and build around it a proper disposal and procurement mechanism. That is something we are actively doing. We had a meeting with a number of NHS Trusts on Friday, for example. We are looking closely with NHS Property Services. We have St Bartholomew's Hospital signed up to the London Development Panel. There is a lot of work happening there which does not necessarily mean we have to own the asset.

Just quickly, also going back to your previous question about affordable housing, it is also important to recognise that affordable housing will be developed on these schemes and obviously it is subject to planning. It does not necessarily have to be owned by the local authority for affordable housing to be delivered on it.

**Darren Johnson AM:** Finally, you did say that this Mayor is doing a lot of the groundwork that will not be realised in this term but that a future Mayor will oversee the actual completion of. If that is the case, why did the core GLA not have a property asset strategy until last November?

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** As you know, the GLA itself only had the assets transferred to it in 2012.

**Darren Johnson AM:** We were fairly clear of the intentions of the Government in terms of housing, the LDA and so on from 2010. We have had time to prepare for this at City Hall, have we not?

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** Yes, that is absolutely right. We have always been very clear about the Royal Docks regeneration, for example, when it was at the LDA and there was a lot of dock work done by the LDA. We have always been clear about wanting to achieve housing outcomes on public land. The Mayor has been very clear and very consistent from the outset of his Mayoralty about that.

Clearly, though, we did not actually own many of these assets until 2012. Since then, we have been extremely proactive around disposing of those assets. You have seen sites like Catford, Greenwich Hospital and Trenchard House all going through. This year, you will see a large number of ground-breakings taking place. Last week, the ground-breaking happened on Lymington Fields, for example, in Barking, which will deliver 480 homes. You will have ground-breakings on St Clement's, on Queen Elizabeth Hospital, on Newington Butts and on Catford, all happening this year. All I am saying is that clearly most of these schemes, though, will not be completed until the next Mayoral term.

**Darren Johnson AM:** Yes, I understand that and I know that ownership of the sites did not come until 2012, but surely you could have been working up a strategy on this before November.

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** Darren, we clearly were. Clearly, prior to transfer, particularly after the Localism Act was on the statute in 2011 and indeed the HCA and LDA and others were located in the GLA, we were actively working around asset disposals. It is unfair to say that we have only started to do this in November. If you look at actually what has been happening in the market, the disposals that we have been doing and the deals we have been signing, much of that activity precedes November. This has been ongoing work for a long time.

**Simon Powell (Assistant Director for Strategic Projects & Property, GLA):** Since the Mayor inherited the land[1] in April 2012, in the first 18 months we disposed of 137 hectares of land which has a gross development value of circa £3.6 billion. You can see that clearly a lot of activity was happening.

**Darren Johnson AM:** We will be following many of these things up through the Housing Committee later this month anyway.

**John Biggs AM (Chairman):** The strategy you have mentioned talks about how you are going to manage all these hundreds of acres or hectares of land across London. It is eight pages long. Length is not necessarily a test of its virility, but there are quite a lot of complex issues here and yet you feel it is enveloped in an eight-page document without much detail, as far as we can tell. Interestingly, the Committee has not had a chance to look at it in detail because it was not published until yesterday. Can you tell us a bit about that?

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** Certainly the individual schemes are very complex and I have many associated documents to those. If you were to look at the Royal Docks, for example, there are a large number of related documents around the 'Strategy on the Royal Docks', 'the Ambitions for the Royal Docks', the 'Progress on the Royal Docks' and the 'Planning Framework for the Royal Docks'. There are a number of accompanying documents which may not be repeated in this eight-page document but do exist, are publically available and are open to scrutiny. Clearly, as sites come forward, there will be documents published with them which people will be able to look at and scrutinise, particularly when we are reading procurement and there is lengthy documentation around many of the procurements that we have. The planning frameworks or the planning briefs we are publishing with the agreement of the local authority and so on. Your reference to eight pages is a consolidation of the activity but there is clearly a lot of documentation about that.

**John Biggs AM (Chairman):** It is not really a strategy, then, if it is eight pages long. It is more of a brochure.

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** The strategy is very clear. It is to have an exit outlined on all of our sites by the end of the Mayoral term and so on.

**John Biggs AM (Chairman):** Essentially, it is driven by an ideological imperative which is to flog the land and, unless there are good reasons to acquire other bits of land, it will all be gone?

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** I do not think that is a fair characterisation.

**John Biggs AM (Chairman):** All right. I am here to test you. Come on.

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** Indeed. It is driven by the recognition that many of these assets should never have ended up with the GLA.

---

[1] From the LDA, HCA London and London Thames Gateway Development Corporation – clarified by Simon Powell following the meeting

**John Biggs AM (Chairman):** Really?

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** No, because they should have been developed many years ago. A site like Queen Elizabeth Hospital stopped offering health services in 1995. It is not right that it was left to the GLA last year or in the last couple of years to appoint a development partner and get planning on that. That site should have been developed far sooner.

**John Biggs AM (Chairman):** By the NHS?

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** Whether it was by the NHS or predecessor bodies could be debated, but the reality is that that is a site which should not have actually transferred to the GLA because it should have been developed earlier. Just very briefly, I do not think it is an ideological imperative. It is a recognition that if you have a portfolio which is intended for development purposes that has not been developed, it is absolutely right therefore that we are very clear and very active to get those sites developed so that they create jobs and bring new homes to London. If we did not do that, your question would be: "Why is the Mayor sitting here and not developing those sites?"

**John Biggs AM (Chairman):** The day after the GLA was elected in 2000, Ford announced it was going to stop manufacturing vehicles in Dagenham and the LDA in its wisdom at the time acquired loads of land from Ford at knock-down prices which we are now talking about developing. Would you have adopted a different strategy?

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** No, I recognise that that is clearly one part of London and one part of the portfolio where there was a clear strategic reason for acquisitions there. There has been some real success there. You have seen the development of the London Sustainable Industries Park. You have seen the centre for engineering and manufacturing excellence and other things happening which have been a real success. We are actively at the moment looking at bringing forward a lot more of the Beam Reach sites for development and appointing a development partner. We will shortly begin an European Union procurement programme for that. Notwithstanding that, we will also hopefully - subject to Mayoral approval - have three new occupiers on those Beam Reach sites, which is very good news for jobs there locally.

Going back to your question about our future land holdings, one of those major sites there is Beam Park at circa 80 acres. Adjacent to it is the stamping plant. As you know, Ford has announced it is closing the stamping plant. We believe that Beam Park should be residential land, but there is a real employment potential on the stamping plant adjacent to it, so we are in conversations with Ford about how we might put those two together.

**John Biggs AM (Chairman):** OK. Do you see the London Enterprise Panel acquiring land?

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** No.

**John Biggs AM (Chairman):** Or advising you to acquire land?

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** I am sure the LEP will be supportive of our activities in the market if we do look to acquire land, but the function of land clearly sits within the GLA, not with the LEP.

**John Biggs AM (Chairman):** In terms of economic regeneration, then, the LEP may recommend land acquisitions and you may --

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** That has not been mooted so far.

**John Biggs AM (Chairman):** OK, but ideologically you are probably not disposed that way?

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** No. We are interested in continuing the land role beyond this portfolio and we are actively looking, for example, on what that land role will mean on housing zones.

**John Biggs AM (Chairman):** One final question, then, which is about parks. Historically the LDA handed you a park, the Thames Barrier. The Olympic legacy will produce another park which is a sort of GLA park. The Royal Docks are a sort of underwater park as well, are they not? Do you have a view on parks? There is a view in the London Docklands Development Corporation legacy which was that the underwater park, if you like, would be maintained by the adjoining landholders through subscriptions, through a thing called the Royal Docks Management Authority. A similar view has been mooted in context of the [Queen Elizabeth] Olympic Park. Do you have a view about parks? Do you think City Hall should be a major park owner?

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** Clearly, we have park interests, as you say. I am not conscious and certainly it is not within the Housing and Land Directorate to look at acquiring parks. Our purpose is for other reasons.

**John Biggs AM (Chairman):** Or disposing of them.

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** Clearly, quality and landscaping is an integral part of what we are doing and we challenge very hard our development partners around the quality of their plans. We go into enormous amount of detail with them about that. The Thames Barrier Park is the second largest single cost within our estates budget. Circa £500,000 a year is the cost of that. We think we could reduce that cost suffered by circa £300,000. Also, we think there is a development opportunity on the car park next to the park. We have secured the future of the very large central park at Greenwich Peninsula and transferred that into a trust.

We are alive to the importance of those spaces, but clearly our focus - and if we acquire land in the future, which is a real possibility - will not be acquiring parks. It will be looking at development opportunities.

**Joanne McCartney AM:** I want to pick up the issue, firstly to Richard, in regards to a strategy. You talked about a GLA asset strategy but we noted that in the Housing Investment Group last October you asked for proposals for a strategic approach to land assets across the entire GLA group. I am wondering why do you think that is needed. Does that reflect frustrations that you might have as to whether you can get others to do your bidding or not?

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** Our focus in the GLA is clearly in the Housing Investment Group, although it looks at stuff which is not housing related as well in terms of land. It has clearly been developing our portfolio. My comments were relating more to the assets owned by Whitehall bodies because we clearly have a Single Property Unit and separate mechanism for engaging with the functional bodies. Those comments were very much directed towards Whitehall, particularly the NHS and the Ministry of Justice.

We have a very clear view that the Mayor should play a disposable role on those Whitehall-owned sites within London. The Government has set out very clearly, for example, how the HCA will play a role nationally. As we know, the GLA has the HCA functions for London and therefore we think the GLA should play that role. We have had extensive discussions with the Government about this and have made some progress. Indeed Simon sits on the Strategic Land Review which is happening at Whitehall and he may want to say more on that.

**Simon Powell (Assistant Director for Strategic Projects & Property, GLA):** Essentially, the Government at the moment is looking at the period from 2015 to 2020 to drive circa £5 billion of efficiency savings from all of the Whitehall assets. As Richard has said, in relation to elsewhere in the country, it is the working assumption at the moment that the assets from those departments would transfer to the HCA and we have been clearly there representing London and representing to the Mayor and in dialogue in terms of what the Mayor's role would be.

At the moment, it is in the process of all of the assets being clearly identified as to what is surplus coming to the market from 2015 onwards. Most of that information at the moment is confidential for obvious reasons because it is clearly operational assets at the moment, but we are in extensive dialogue with the Government Property Unit which is leading those discussions and pooling all that information together. We hope that we will be able to say a lot more over the summer about what the Mayor's role is.

**Joanne McCartney AM:** What do you want it to be? For example, local hospitals may be closing. Would you expect the Government to automatically transfer to you or for you to have a say in decisions that they make? How would envisage it working?

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** Potentially, we would see either a transfer or us handling the disposal.

I just want to really re-emphasise this point because it relates back to some of the questions earlier. Having an exit strategy by 2016 is not because the Mayor believes the GLA should not play a role in land and just wants to wash his hands of it. That is absolutely not the case. It is driven by a belief that if we own these assets and they are surplus and they are vacant, they should be put to good economic use to deliver homes and deliver jobs in the employment space and so on.

Beyond 2016, obviously we will still have an interest in some of the big regeneration schemes, Barking Riverside, Greenwich Peninsula and so on, but we really want to renew and continue the role around land and that will come in many forms. That could come in the form of acquisitions, which is what we are actively looking at. It will come in the form of working with our functional body colleagues around their portfolios, as we are doing at the moment.

The third place where it will come is very much around the assets owned by Whitehall. Our view is clearly it is Whitehall's job again to determine whether they are operational or not. We can offer some challenge, but largely it is for them to determine what they need for operational purposes. They do not have the skill around property and disposal and development. One thing which has become very clear to us is that they neither have the capacity nor the skills to properly handle the disposal. Often they handle it very poorly. Some of the sites which we are aware of again have been vacant and non-operational or certainly underutilised for a very long time and that has to stop.

We have been very clear to the Government that where those assets were in London we want those assets to somehow come to the GLA. They could be transferred to the GLA. They could be transferred to GLA Land and Property, for example. We could possibly acquire them, but there is a convoluted way of doing that because our resource for acquiring assets could be better used elsewhere. If it is already owned by the public sector, paying for it seems the wrong approach.

There are lots of ways in which we think we can work with those bodies around their assets. At the very least we expect them, particularly where it is of a significant size, to use the London Development Panel. We are talking very closely with NHS Property Services, for example, about two sites at the moment, which they should be bringing through the London Development Panel. Later on, though, it could mean that assets are transferred to that and that is something we are actively asking the Government to do. We have a proposition at the moment which is with the Cabinet Office and which has been made to Treasury around that.

**Simon Powell (Assistant Director for Strategic Projects & Property, GLA):** The other thing about how it might transpire is that there is a third way of doing it, which is that in terms of the asset it actually stays with the relevant departments but the Mayor or the GLA essentially is the property agent. We actually do all the procurement into it, so there are more efficiencies in terms of tax implications and other things.

**Joanne McCartney AM:** Certainly with health care, if a local hospital closes or part of it is sold off, the reasoning to the public is often that it is so that we can invest in making better what is left, so there would need to be some receipt back. How would you see this working if the Government was amenable? Would it be by agreement or would it need statutory underpinning?

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** At the moment, it is by agreement. There is no legislation proposed either for London or indeed the rest of England. Clearly, if legislation were to be proposed, if it is required, then we would look for London to be included and for the GLA to be the default body.

The NHS is worth an entire session in itself because it is by far the most convoluted and inefficient mechanism for bringing forward land. If you are a foundation trust, for example, you get to keep the council receipts and you have virtual autonomy over it. If you are not a foundation trust, it is slightly different. Then there is some land with NHS Property Services. There are about three tiers, all of which are involved and have some say on it, some who are on property, some who are clinical. It is exceptionally complex.

What we sought to do is firstly build a relationship with NHS Property Services who own a significant number of assets and some of which we think are suitable for a proper procurement process to take place because they are quite large assets. We already have them signed up to the London

Development Panel, working very closely with them. I regularly talk to Simon Holden, the Chief Executive [NHS Property Services]. There are then a number of individual trusts that we are working with. Some are more proactive than others. Certainly one of the things which we have said to the Government is it needs to set out a clear framework to make sure that those bodies are engaging with the GLA. It should not just be some of them; it should be all of them. That would be non-statutory at this stage.

**Joanne McCartney AM:** That is one of the frustrations you have as to whether you might need an overarching strategy, but what about the Mayor's influence over MOPAC or LFEPA? There is always this tension about maximising receipts and having, for example, affordable housing and functional bodies do not need to look at that affordable housing requirement with the properties they sell. Would you see an overarching strategy as giving you further buy into that process or not?

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** We do have the Single Property Unit, we have clear objectives set against that and we have extensive dialogue with the functional bodies collectively and individually about the assets which they do not identify for disposal. All of those conversations are taking place. LFEPA is clearly looking at what they might bring through the London Development Panel and what they might dispose of otherwise through other means. The Metropolitan Police Service has done the same and has actively used the London Development Panel. TfL is slightly further behind that but has a much bigger portfolio and obviously slightly different objectives, such as generating income and all the stuff you have heard from Graeme [Craig]. We are engaging with all of them and the mechanism to do that is through the Single Property Unit. We continue to do that.

However, the starting point for many of the functional bodies or certainly for the Metropolitan Police Service and LFEPA is what they need operationally. That is obviously a decision which is right to take through their own governance mechanisms as functional bodies so that they determine what the operational purposes are. Then we will engage with them in the Single Property Unit once the asset has been identified as surplus.

**Joanne McCartney AM:** I am just wondering if there was, for example, a site that came from MOPAC or LFEPA where there were no proposals for affordable housing or whatever, would you be able to influence that decision? In fact, would you listen to any representations that are made on that basis or could you, for example, put a halt to any sale and say they have to revisit it and come back later?

**John Biggs AM (Chairman):** Before you do that, can I ask whether you are content that the definition of 'best consideration' and its interpretation is adequate for all the things you want to do?

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** Part of this depends on whether there is any intention to get planning or indeed a planning brief attached to these sites, so it is difficult to make a judgement about quantum if there is no intention to have a planning consent or planning brief attached to it.

**Joanne McCartney AM:** You may want them to come forward with planning briefs, though.

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** Yes. It is fair to say though that where the site is of a significant scale, firstly it could be referable to the Mayor anyhow and then he is able to use his planning hat and there is obviously the London Plan policy and everything else that applies to it, so it is dealt with separately there. Particularly where a procurement is intended, then we are able to discuss objectives for that site, which is what happened with the Hendon site.

**Joanne McCartney AM:** Nowadays they talk to you about everything, so LFEPA and MOPAC comes and talks to you?

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** Correct, but we have always been clear that it has to be of some scale. Certainly for us, for our own land in excess of 50 units and so on, it has to be of some scale. The budget guidance set out very clearly 150 units and so on.

On your point about best consideration, we have gone out with what is clearly set down and applies to all public bodies and I have no reason to question that.

**Simon Powell (Assistant Director for Strategic Projects & Property, GLA):** I was going to say I think it works broadly quite well, actually, especially with the general consent that we have managed to secure for the GLA.

**Joanne McCartney AM:** I am just wondering about MOPAC and LFEPA.

**John Biggs AM (Chairman):** We could test the example of the fire station and whether that would have been dealt with differently, for example.

**Joanne McCartney AM:** West Norwood.

**John Biggs AM (Chairman):** Yes, under the Single Property Unit approach.

**Joanne McCartney AM:** If the Mayor had come and said, "Actually, one of my wider objectives is to provide school places or school buildings but you will get £300,000 less for the building", what would you have done?

**John Biggs AM (Chairman):** Ask for the money.

**Sue Budden (Director of Finance and Contractual Services, LFEPA):** The best consideration point would still apply. If you had gone through the market and you could show that it was £300,000 less, we would obviously present that to LFEPA or its Resources Committee, but our recommendation would be to accept the best consideration. As I understand it, we would need the Secretary of State's approval to do something less than that.

**John Biggs AM (Chairman):** Or a Mayoral Direction?

**Sue Budden (Director of Finance and Contractual Services, LFEPA):** Or a Mayoral Direction to seek that Secretary of State approval.

**Joanne McCartney AM:** Stephen Greenhalgh [Deputy Mayor for Policing and Crime] when he came last month said that MOPAC's priority is to maximise capital receipts and is not to subsidise house building or schools, so that was a pretty firm approach from MOPAC.

**Lynda McMullan (Director of Police Resources & Performance, MOPAC):** That was based on the conversation with the Mayor. That is the agreement. One of the things that is really quite important in terms of the arrangement with the Single Property Unit is being very aware before going to market what the route is and being very clear about what other options there may be. It then becomes very difficult if we are in a competitive dialogue with purchasers. The main issue for us is making sure that we are having these really early conversations well in advance so everyone is cited on what the strategies are.

**John Biggs AM (Chairman):** The MOPAC/Metropolitan Police Service budget for the next few years is very strongly predicated on asset disposals to fund investment, particularly in information technology but also in other assets. Implicit in that, the Mayor in signing off that budget is accepting that best consideration without diluting it is the way forward. If you wanted to depart from that, then, you would expect there to be a bung from the Mayor's Office to help meet the shortfall. Is that a fair description?

**Lynda McMullan (Director of Police Resources & Performance, MOPAC):** Certainly a dialogue.

**Valerie Shawcross CBE AM:** In regards to that particular case, one thing that struck me was that sometimes there is a local dimension and that opportunistically, if you are in an area where there is a complete shortage, an absence of developable land and not much comes on the market generally, then there might be more of a public service argument to move, say, for putting in a school. I just think it varies a great deal around London, but those of us in inner London would probably feel much more that sometimes there should be a policy-led approach to land disposal.

**John Biggs AM (Chairman):** What about that nice Mr Gove's [Secretary of State for Education] presumption about pre-emptions for free schools? How does that affect things? It would still be a market valuation?

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** Yes, unless it is designated for disposal as a certain use class.

**Joanne McCartney AM:** Can I ask, Richard, is there an instance where you have actually had to put your foot down with either of the functional bodies and say, "Actually, this is not a good use of the property and we want you to do this"?

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** Yes. Equally, we have been clear that that has to be sanctioned by the functional body itself. Sometimes there are departments where we think there is a different approach that is possible but that that still has to be agreed by the functional body because that is right under the governance arrangement.

**Joanne McCartney AM:** You may give an opinion that it is the functional body and their fiduciary duty to do something?

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** Yes. I keep coming back to the Hendon example which is a good one. It is possible to achieve best value and also get all the other outcomes that we want. That was achieved in that case. I do not think they are necessarily mutually exclusive.

**Joanne McCartney AM:** I suppose my next question would be, then, whether you can give us another example where you have put your foot down or you have succeeded in getting some revisions.

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** There is an ongoing discussion with LFEPA about some of those sites.

**Joanne McCartney AM:** Perhaps that is for our Fire Brigade colleagues to follow that up in another place. Can I ask just for reassurance that your decisions are taken purely for housing and wider policy objectives, not for political imperatives?

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** Certainly, the operational decision is a matter for the functional bodies. What we are doing is where the site is on some scale seeking to look at policy and also how we think that that asset could be disposed of. The advantages, we think, of using the London Development Panel, for example, or running a procurement process is that you are able to set milestones and you are able to look at other things like, use, quality and so on. The London Development Panel in particular is very efficient. It is both quick and free to use and avoids all the cost and time involved with a full European Union tendering process. For example, for the Metropolitan Police Service site, the preferred bidder was appointed in three months and one day using that Panel, which is probably much quicker than actually doing outright disposal which probably would have taken six months, I suspect. Certainly, a full European tender would have taken much longer, probably over 12 months.

These are the kind of considerations that we have. How do we get a proper development framework? How do we make sure it is disposed of efficiently? How do we help in doing that the functional body achieve good value? It is perfectly possible to use the framework panel and get best value for it. Also there are wider policy considerations. That is all driving our interaction with functional bodies. What happens around the operation use is a matter for them.

**John Biggs AM (Chairman):** Have you identified the ten GLA group-owned sites suitable for free schools?

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** That is probably a matter for Munira [Mirza, Deputy Mayor for Education and Culture], who I know is actively looking at the ten sites. It is meant to be GLA group-owned, so the site is not necessarily GLA itself.

Insofar as the GLA itself is concerned, yes, we have identified which sites we think are suitable for free schools. We have one which is actively going to be delivered and has funding, which is on Barking Riverside where obviously we have a land interest in the joint venture and indeed will be the largest free school in the whole country. We have another site where there is an exclusivity agreement called Twelve Trees in Tower Hamlets which is actively being looked at as a free school. We are also in conversations at the moment with a free school site in the Royal Docks, which we will hopefully be able to say more on soon.

Those are all actively identified sites where discussions are happening with free school groups.  We then have a couple of other sites where we think that a free school could be included in the tender, but we need to market test this.  There is no active discussion with a free school group at this stage because the proposal has not been tendered.

**Joanne McCartney AM:** Can I ask on that, if there is a site suitable for a school, do you also talk to local authority about it or local academies?

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** Yes.

**Joanne McCartney AM:** It is not just free schools you are looking at but others as well?

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** Correct.  For example, there is an active discussion about a school on Greenwich Peninsula with Greenwich Council.

**John Biggs AM (Chairman):** It would be a free school?

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** No.  It is not a free school.

**John Biggs AM (Chairman):** If the local authority is very keen that it not be a free school for corporate agreement reasons, supported by its local head teachers, would you be charitable towards that?

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** We have not come across that scenario at the moment, but clearly where the Mayor owns the land it is right that he seeks to fulfil a Mayoral objective.

**John Biggs AM (Chairman):** OK, which is free schools, yes?

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** Yes, that is one of them.

**John Biggs AM (Chairman):** Another tidying up question: one of the requirements of the Single Property Unit was to publish a list of all the assets held by the GLA group for public investors and developers to view.  The Gareth Bacon and Co development interest in Southgate station would be satisfied by this, except that it does not yet include all TfL assets.  Why is this?

**Graeme Craig (Director of Commercial Development, Transport for London):** I do not know is the short answer.  I will have to come back to you.

**John Biggs AM (Chairman):** We are specifically interested in that.

**Simon Powell (Assistant Director for Strategic Projects & Property, GLA):** It is being worked on, but I think there are still a few that need to be uploaded.

**John Biggs AM (Chairman):** It is just a few, but that list will include operational assets presumably, yes?

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** Possibly. There are a few exceptions. For example, safe houses owned by the Metropolitan Police Service and things like that we obviously do not put on there. Overall, though, it has been a real success. This kind of "Domesday Book" of public land owned by the GLA group for the first time is available to see in one place.

**John Biggs AM (Chairman):** The final question, which may take a slightly longer answer, is the £74 million savings and where we are on that. Have you answered that yet? Did I phase out at that point?

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** £24.7 million.

**John Biggs AM (Chairman):** £24.7 million? What does that mean?

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** The target over three years is £74 million. Progress to date has been £24.7 million worth of savings. The trajectory is going in the right direction and we are clearly on track to hit £74 million.

**John Biggs AM (Chairman):** Are you going to provide us with a defection, possibly outside the meeting, of what you actually mean by property savings across the GLA group?

**Richard Blakeway (Deputy Mayor for Housing, Land & Property, GLA):** Yes, we can do that.

**John Biggs AM (Chairman):** We can be clear about what that is and you lot understand what it is as well, so we are not going to double count it or even triple count it, unless it is TfL in which case we will probably quadruple count it.

Thank you very much for staying for such a short intervention towards the end. You had no choice, of course, but thank you all the same. We may write to you with follow-up questions.