

GREATER LONDON AUTHORITY

REQUEST FOR ASSISTANT DIRECTOR DECISION – ADD2025

Title: Greenwich Millennium Village - fees

Executive Summary:

GLAP holds a development agreement with Joint Venture (JV) company Greenwich Millennium Village Limited (Taylor Wimpey and Countryside Properties). The JV agreement allows for overage to be paid to GLAP at specified milestones as development progresses on GLAP owned land. GLAP wishes to appoint a cost consultant to scrutinise cash flow information presented by GMVL to confirm that GLAP is receiving the correct share. In addition the review will also encompass scrutiny of the project finances as a whole to provide GLAP with certainty that finance reporting is accurate and adequate.

Decision:

The Assistant Director of Strategic Projects and Property approves expenditure of up to £40,000 to procure and appoint advisors to undertake a review of the costs and values being attributed to the Greenwich Millennium Village development.

AUTHORISING ASSISTANT DIRECTOR/HEAD OF UNIT:

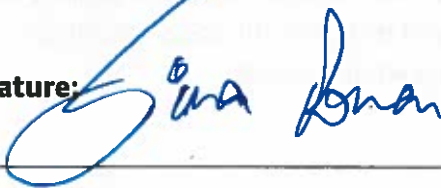
I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.

It has my approval.

Name: Simon Powell

Position: Assistant Director of Strategic Projects & Property

Signature:



Date:

01/09/16

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1. The Greenwich Millennium Village (GMV) is located on Greenwich Peninsula and consists of a residential-led development with an existing planning permission for a total of 1,746 homes with associated local retail provision.
- 1.2. The project was established as part of the Millennium Communities Programme launched by English Partnerships in association with the Office of the Deputy Prime Minister in 1997. GMV was one of the first villages to be developed in partnership with a joint venture between Countryside Properties and Taylor Wimpey; the JV vehicle is called Greenwich Millennium Village Limited.
- 1.3. Outline planning permission for the development was granted in May 1999 (EP98/1189/0) and development commenced. Phases 1 and 2 were complete by 2008, delivering over 1,000 homes. In 2008 the market stalled and the progress of the project was slowed. As well as the inclement market conditions development of further phases was objected to by a neighbouring aggregate works and therefore a comprehensive redesign of the subsequent phases was required.
- 1.4. A series of legal agreements has been entered into between the GLA and its predecessor organisations. The Agreement for Lease for Phases 3, 4 and 5 was entered into by the Urban Regeneration Agency (known as English Partnerships) and the Joint Venture partners in July 2007. This Agreement for Lease was amended in March 2012, under the Homes and Communities Agency, before functions of HCA London were transferred to the GLA under the Localism Act 2011.
- 1.5. The Lease was entered into by GLA Land and Property Limited in March 2013 and allows for the drawdown of plots of land. The first two plots were drawn down in March 2013 and December 2015 respectively.
- 1.6. As well as taking a minimum land payment with each plot draw down the GLA benefits from an overage sharing agreement with the joint venture. Under the terms of the Agreement for Lease for Phases 3, 4 and 5 the JV reports the financial position to the GLA on a quarterly basis which includes a forecast of the overage payable over the lifetime of the project.
- 1.7. The overage falls due shortly and GMVL will be obliged to provide the GLA with information regarding the amount payable.

2. Objectives and expected outcomes

- 2.1. The purpose of the procurement is to enable GLAP to confirm its financial stake in the project and to ensure that it is receiving the correct amount of overage from the development.
- 2.2. By undertaking a review at this junction GLAP will set a benchmark against which the project will be monitored. The appointment will undertake an initial thorough review of the costs and values attributed to the project by GMVL and provide for an ongoing annual review.

3. Equality comments

- 3.1. Equality considerations are taken into account through procurement requirements.

4. Other considerations

4.1. Conflicts of interest

GMVL is undertaking its own financial review at the same time and therefore it will be important to ensure that the two consultants are working independently. The GMV review is well-timed and will lead to a better scrutiny of the financial position overall.

5. Financial comments

5.1. This decision requests an expenditure of £40,000 to appoint a cost consultant to scrutinise cash flow information presented by GMVL to confirm that GLAP is receiving the correct share of overage proceeds, as well as review the project finances as a whole to provide GLAP with certainty that finance reporting is accurate and adequate. The fee will include a review on an annual basis for a specific number of years to ensure that the scrutiny is maintained.

5.2. This expenditure is available from the Housing & Land Greenwich Peninsula Professional Fees budget. This expenditure will be expended in 2016/17 financial year. Strategic Projects and Property Team will be responsible for managing this spend.

6. Planned delivery approach and next steps

Activity	Timeline
Procurement of consultant	September 2016
Delivery Start Date	October 2016
Report delivered	November 2016

Appendices and supporting papers:

No appendices

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.

Note: This form (Part 1) will either be published within one working day after approval or on the defer date.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred? YES

Defer until 31 October 2016

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – NO

ORIGINATING OFFICER DECLARATION:

Drafting officer:

Philippa Bancroft has drafted this report in accordance with GLA procedures and confirms that the Finance and –if relevant- Legal teams have commented on this proposal as required, and this decision reflects their comments.

HEAD OF FINANCE AND GOVERNANCE:

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

Signature:



Date:

01.09.16