

GREATER LONDON AUTHORITY

REQUEST FOR ASSISTANT DIRECTOR DECISION – ADD2104

Title: Beam Reach 8 disposal fees

Executive Summary:

Protracted negotiations on a number of plots at Beam Reach 8 has resulted in a cumulative fees overrun. The difficulties over agreement have largely arisen from lack of historic information in relation to the development of the plots and discussions around the allocation of environmental risk. GLAP has sought to protect its position and therefore has had to provide additional information to purchasers before transactions can be finalised leading to some delays and extension of the legal scope.

Decision:

That the Assistant Director of Strategic Projects and Property approves spend of £35,000 to cover historic overspend of £26,885 as well as current and future spend of £8,115 to conclude the final sale under discussion.

AUTHORISING ASSISTANT DIRECTOR/HEAD OF UNIT:

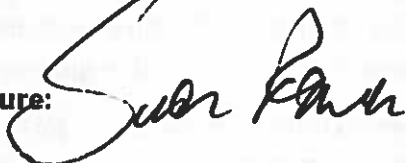
I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.

It has my approval.

Name: Simon Powell

Position: Assistant Director of Strategic Projects and Property

Signature:



Date:

11/04/17

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1. Beam Reach 8 forms part of the industrial land in London Borough of Havering that GLA Land and Property Limited (GLAP) inherited from the London Development Agency (LDA). The site was assembled by the LDA to support the development of industrial activity in the area. Beam Reach 8 is part of a series of sites that were identified as suitable for smaller occupiers.
- 1.2. Beam Reach 8 comprises four distinct strategic industrial, brownfield development sites, located between Coldharbour Lane, Ferry Lane and the River Thames in Rainham. In total this comprises 12.4 hectares of developable land and is within the London Riverside Opportunity Area, identified in the London Plan as providing the opportunity for industrial and manufacturing uses and particularly for the intensification and more efficient use of land to generate the opportunity for more jobs to be created.
- 1.3. On 30th October 2005, Havering Council granted outline permission for 100,000sqm of B1b, B1c, B2 and B8 industrial and warehousing uses. The GLA supported the scheme. The original outline planning permission was subsequently renewed on 19th January 2009, via an application to vary existing conditions from the 2005 permission. The permission was then further renewed on 4th April 2013, again via condition variation, the permission having been partially implemented by this date.
- 1.4. Since the 2012 when GLAP took control of the sites it has been working to sell the sites for development. Previous approvals have authorised the sales and delegated the final terms of contract to the Executive Director for Housing and Land. MDs 1251, 1309, 1363 and 1593 cover the various land disposals and required fees.

2. Objectives and expected outcomes

- 2.1. GLAP has been negotiating with purchasers and their agents to dispose of the land at Beam Reach 8 on a plot by plot basis as interest from the market arose. GLAP retained two agents on a joint agency basis to market the sites and find potential leads.
- 2.2. Between August 2013 and February 2016 four separate approvals were sought for 5 transactions; the same solicitor was retained on each transaction for efficiency and because of their prior knowledge of the site. At the outset of each negotiation the fees were forecast; however, because some of the negotiations became protracted in the final stages a number of the transactions went beyond the initially agreed legal fee budget.
- 2.3. The issues have mainly related to the ground conditions and restrictions on title that have been of concern to purchasers but about which GLAP has relatively limited information having inherited the land from the LDA rather than having completed its own due diligence at the point of acquisition.
- 2.4. The current cumulative financial position is that an overspend has occurred through the mismatching of approvals to transactions and therefore it has not been evident that cumulative approval was not in place.
- 2.5. This paper requests a total of £35,000 to cover historic overspend of £26,885 and £8,115 to cover future transaction costs and conclude the remaining sale of land.

2.6. Once all the land sales are complete Beam Reach 8 will have been redeveloped as a good quality industrial location supporting small to medium size enterprises in the Rainham area.

3. Equality comments

3.1. The equality obligations of GLAP are not considered to have implications with regards to this approval.

4. Other considerations

Timing

4.1. The spend needs to be regularised in time for the end of the financial year.

5. Financial comments

5.1. This decision requests approval for retrospective as well as current and future revenue expenditure totalling £35,000 in relation to land disposal at Beam Reach 8.

5.2. Retrospective approval amounts to £26,885 for expenditure incurred prior to March 2016. Whereas, only £769 is related to 2016/17 financial year with the remaining balance (£7,346) to be incurred in the next financial year (2017/18). This and next year's balances will be expended by underspend from Land and Property programme budget within Housing & Land department.

6. Planned delivery approach and next steps

6.1. The remaining transaction will be concluded or aborted within the next two calendar months.

Appendices and supporting papers:

No additional supporting material is presented.

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? NO

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.

Corporate Investment Board:

The Corporate Investment Board reviewed this proposal on 10 April 2017.

HEAD OF FINANCE AND GOVERNANCE:

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

Signature: *PP Bonville*

Date: *10/4/2017*