

GREATER LONDON AUTHORITY

REQUEST FOR ASSISTANT DIRECTOR DECISION – ADD2125

Title: Trent Park Financial Viability Independent Assessment

Executive Summary:

An independent financial viability assessment of Berkeley Homes' development proposals for Trent Park is required in order to satisfy the Mayor that the maximum reasonable amount of affordable housing would be provided in line with London Plan policy. Following a competitive process Gerald Eve has been chosen to undertake this work. The GLA will recover the full costs from Berkeley Homes.

Decision:

That the Assistant Director – Planning approves expenditure of £31,000 on independent financial services from Gerald Eve.

AUTHORISING ASSISTANT DIRECTOR:

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: Juliemma McLoughlin

Position: Assistant Director - Planning

Signature:



Date:

13/6/17

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1 On 31 October 2016 the Mayor issued his statutory consultation response to Enfield Council on Berkeley Homes' planning application at Trent Park (Enfield Council reference: 16/04324/FUL). The low level of proposed affordable housing (5%) was identified as a key strategic issue for the Mayor.
- 1.2 In arriving at the 5% affordable housing offer the applicant had applied vacant building credit (VBC) as a discount against Enfield Council's 40% local plan target. VBC is a Government initiative intended to incentivise brownfield development. It applies a financial credit (equivalent to the gross floor space of any vacant building being brought back into lawful use or demolished) when calculating the amount of affordable housing contribution being sought. The applicant's case was that the development proposal at Trent Park met Enfield Council's 40% affordable housing target when the 5% affordable housing offer was considered in conjunction with VBC.
- 1.3 The Mayor disputed this position within his statutory consultation response. As set out within the draft Affordable Housing & Viability Supplementary Planning Guidance (SPG), the Mayor considers that, in London, VBC should only be given material weight as a planning consideration in exceptional circumstances. In this case the Mayor expressed the view that such exceptional circumstances had not been met (refer to GLA planning report D&P/3941/01), and that a viability-led approach to determining the maximum reasonable amount of affordable housing should be undertaken accordingly.
- 1.4 Following subsequent discussion with Enfield Council and Berkeley Homes it was agreed on 21 December 2016 that VBC would not be applied, and that the GLA would commission an independent viability review of the scheme, recovering full costs from Berkeley Homes.
- 1.5 Allowing for the Christmas break, a tender process was undertaken during w/c 3 January 2017. Having invited three leading viability consultancies to respond, Gerald Eve was selected as the GLA's preferred supplier. Gerald Eve's quote for the work was £9,750, and financial approval to procure this work was secured accordingly via Delegated Authority Record (for expenditure up to £10,000). Gerald Eve was instructed to commence work on 11 January 2017.
- 1.6 After some initial work on the case, Gerald Eve advised the GLA on 13 January 2017 that specialist input from a Quantity Surveyor would be required in order to fully examine a number of technical costings associated with restoration of historic buildings. Gerald Eve agreed to commission this additional work itself, and on 17 January 2017 Gerald Eve's preferred Quantity Surveyor (Cast Consultancy) provided a quote for this work of £5,000.
- 1.7 In the interests of maintaining momentum, and reaching a timely conclusion on the project, GLA officers instructed Gerald Eve to proceed with commissioning Cast Consultancy on 17 January 2017 (in advance of securing the next threshold of spending approval). Hence, this ADD request is for retrospective approval of expenditure.
- 1.8 Work on securing the necessary ADD approval (for expenditure up to £50,000) commenced immediately. However, the iterative nature of the viability review process in this case has made it difficult to confirm a final fixed cost for approval until the work has been concluded.
- 1.9 Following a six week period of validity testing (involving various meetings between Gerald Eve and their counterparts for Berkeley Homes), Gerald Eve provided its draft advice report to the GLA on 28

February 2017. This identified scope for potential improvement of the affordable housing offer, whilst noting that the scheme was at the fringes of overall viability. GLA officers discussed these findings with Berkeley Homes and Enfield Council on 8 March 2017, and, following negotiation, Berkeley Homes advised at the meeting that it would seek to make an enhanced affordable housing offer.

- 1.10 An enhanced affordable housing offer of 10% was received from Berkeley Homes on 13 March 2017, and GLA officers asked Gerald Eve to scrutinise this against the findings of their draft report. Accordingly, an addendum to the draft report was provided to the GLA on 20 March 2017.
- 1.11 Following a period of fact checking of the draft Gerald Eve report and addendum (and continued GLA-led negotiation with Berkeley Homes), GLA officers received Gerald Eve's finalised report on 21 April 2017. Further to this final confirmation of costs (at £31,000) was received from Gerald Eve on 28 April 2017.

2. Objectives and expected outcomes

Objective

- 2.1 The GLA's objective is to secure a full and independent financial review of the Berkeley Homes development proposal at Trent Park in order to inform affordable housing negotiations and Mayoral decision making with respect to the associated planning application. Ultimately GLA officers seek to ensure that the maximum reasonable amount of affordable housing would be provided by the development.

Outcome

- 2.2 The outcome of the work procured is a consultant report. Whilst the consultant report itself is commercially sensitive, the conclusions within it will feed into a GLA planning report - which will be published on the GLA website, and used to inform the Mayor's consideration of the Trent Park application.

3. Equality comments

- 3.1 The Equality Act 2010 provides that in exercising its functions, the Mayor and the GLA (as a public authority) shall have due regard to the need to a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited under the Act; b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and, c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 3.2 The protected characteristics set out in the Equality Act are: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. The Equality Act acknowledges that compliance with the duties set out may involve treating some persons more favourably than others, but that this does not permit conduct that would otherwise be prohibited under the Act.
- 3.3 With regard to age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation there are no identified equality considerations which arise in respect of this request for an Assistant Director Decision.

4. Other considerations

Links to Mayoral strategies and priorities

- 4.1 In the case of Trent Park, the independent viability review is fundamental to the proper implementation of the London Plan – which seeks the maximum reasonable amount of affordable

housing within proposals for residential development. Maximising affordable housing delivery is also identified as a key priority within the 'City for All Londoners' publication – which sets out the direction of travel on strategic policy across the broad range of the Mayor's statutory strategies.

Retrospective approval

4.2 As discussed in section 1, this project was commenced with the reasonable expectation that it would be delivered within the £10,000 approval threshold secured via Delegated Authority Record. Nevertheless, due to unforeseen complexities it soon became apparent that the cost of the project would exceed this threshold. Whilst work on this Assistant Director Decision commenced as soon as that became evident, due to the iterative nature of the viability review process undertaken in this case, the final position on costs only became apparent on 28 April 2017. Further to the context set out above (including the strong linkages to Mayoral strategies; and, the position on recovery of GLA costs) officers are of the view that the decision to continue the project in advance of formal approval for increased expenditure is justified in this case.

Recovering GLA costs

4.3 Whilst the GLA will pay for Gerald Eve's work in the first instance (to ensure impartially), officers have secured an undertaking from Berkeley Homes confirming that it will reimburse the GLA for the cost of this project (£31,000) in full.

5. Financial comments

5.1. Approval is being sought for expenditure of up to £31,000 to cover consultancy costs for work which has been undertaken in respect of the Mayor's strategic priorities for maximising affordable housing.

5.2. The cost is to be funded from Planning Decisions 2017-18 Budget. However, the GLA will be reimbursed in full by Berkeley Homes.

6. Legal Comments

6.1 This ADD request does not present any specific legal issues.

7. Delivery

7.1 The delivery programme for this work is set out below for information.

Task	Date
Tender	3 January 2017 to 10 January 2017
Selection of Gerald Eve as preferred supplier	11 January 2017
Viability validity testing	11 January 2017 to 27 February 2017
Provision of draft report	28 February 2017
Negotiation with developer	8 March 2017
Response from developer	13 March 2017
Gerald Eve advice of developer's response	20 March 2017
Fact checking and finalisation	21 March 2017 to 20 April 2017
Provision of final Gerald Eve report	21 April 2017
Confirmation of costs	28 April 2017

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

If YES, for what reason:

Until what date: (a date is required if deferring)

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:

Graham Clements, Senior Strategic Planner has drafted this report in accordance with GLA procedures and confirms the Finance Team and Legal Team have commented on this proposal as required, and this decision reflects their comments.

Corporate Investment Board:

The Corporate Investment Board reviewed this proposal on 12 June 2017.

HEAD OF FINANCE AND GOVERNANCE:

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

Signature:



Date:

12.06.17

