

**REQUEST FOR ASSISTANT DIRECTOR DECISION – ADD190**

**Title: Growing Places Fund – Central Research Laboratory Legal Support**

**Executive Summary:**

This decision seeks approval for expenditure of up to £30,000 of further specialist legal and technical advice under the existing DD1158 allocation to support the development of the Central Research Laboratory Growing Places Fund project into contract. The specialist advice required will include legal support in the development of financial loan and funding instruments.

**Decision:**

That the Assistant Director approves expenditure of up to £30,000 revenue funding from the Growing Places Fund (GPF) in 2014/15 on specialist legal advice and support to develop financial loan or funding instruments for the Central Research Laboratory project (in addition to the £30,000 approved for legal advice under DD1158).

**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:** Debbie Jackson

**Position:** Assistant Director - Regeneration

**Signature:**

**Date:** 10 September 2014

## **PART I - NON-CONFIDENTIAL FACTS AND ADVICE**

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1 The Growing Places Fund (GPF) is a £111m revolving fund to support the unlocking of jobs and economic growth in London. The national fund is allocated to Local Enterprise Partnerships and the London Enterprise Panel is tasked with advising the Mayor on how and where to spend it. The GLA is the accountable body for the Fund.
- 1.2 At a meeting on 7<sup>th</sup> January 2014, the LEP approved the re-allocation of up to £250,000 for financial, legal and technical specialist advice for the development of GPF projects and evaluation. DD1158 approved expenditure of up to £120,000 on specialist legal, financial and technical advice to support the development of GPF projects. As part of this, up to £30,000 was approved for legal advice.
- 1.3 The Central Research Laboratory project is fully approved by Mayoral Decision (MD1337). The project seeks £7.7m loan finance to develop the Central Research Laboratory, a business incubator and workspace in Hayes in West London. Subject to a Mayoral Decision, the GLA will enter into a loan facility with the developer and support is required to draft, negotiate and finalise the loan instruments as well as advice on the implications relating to state aid. The work is expected to cost up to £60,000 comprising £50,000 to draft, negotiate and finalise the loan facility and security documentation and £10,000 for the cost of a review of property documentation prior to the GLA entering the Agreement. The existing DD1158 provides approval for spend on legal advice of up to £30,000, with specific technical advice for the Central Research Laboratory of up to £15,000, and £30,000 funding for specialist business plan advice (subject to further approval) . This ADD seeks approval for spend of £30,000 of the remaining £60,000.

#### **2. Objectives and expected outcomes**

- 2.1 The services are required to support the development of GPF projects, particularly those where finance is provided to the private sector. Growing Places Fund projects aim to deliver jobs and economic growth for London and as such are aligned to the Mayor's Economic Development Strategy, in particular with Objective 5, which aims to attract the investment in infrastructure and regeneration which London needs and to maximise the benefits from this investment. Action 5D states that 'the Mayor will champion the case for investing in London to meet not only London's needs, but also to ensure that London can continue to drive the UK economy. He will ensure that investment is coordinated and will encourage innovative and cost-effective forms of new investment'.
- 2.2 The objective of the specialist advice sought is to establish, draft and negotiate loan finance arrangements and protect the GLA's interests generally in entering into loan funding arrangements and security arrangements for the Central Research Laboratory project. The project will provide a business support facility and workspace for SMEs.

#### **3. Equality comments**

- 3.1 The services sought under this ADD will be procured transparently and fairly in line with GLA procurement requirements to ensure equality of opportunity.

3.2 No other potential impacts have been identified.

#### **4. Other considerations**

4.1 It is considered that the specialist advice required for GPF projects is not available in house and therefore external support is required. In order to optimise the value for money which can be achieved and facilitate an approach which corresponds with the Treaty of the functioning of the EU the GLA must ensure that a prudent assessment of each GLA investment is made and suitable funding instruments are entered into.

#### **5. Financial comments**

5.1 Approval is being sought for revenue expenditure relating to specialist legal and technical advice to support the development of the Central Research Laboratory Growing Places Fund (GPF) project.

5.2 The revenue cost of up to £30,000 will be funded from the GPF allocation previously agreed under DD1158 as subject to a further decision.

5.3 DD1158 also approved the following sums in respect of the Central Research Laboratory :

- £30,000 legal advice
- £15,000 specific technical advice

5.4 It is expected that the commission will be wholly undertaken in 2014/15.

5.5 All appropriate budget adjustments will be made.

5.6 As this decision relates to contracts, officers have to ensure that the requirements of the Authority's Contracts and Funding Code are adhered to.

5.7 As these contracts are consultancy based, officers also have to ensure that the requirements relating to consultancy services within the Authority's Financial Regulations and Expenses & Benefits Framework are adhered to.

5.8 Any changes to this proposal must be subject to further approval via the Authority's decision-making process.

5.9 The Regeneration Team within the Development, Enterprise and Environment Directorate will be responsible for managing this project.

#### **6. Planned delivery approach and next steps**

6.1 The approach to obtaining the advice and the total indicative value of each type of advice is set out below.

- £30,000 - Specialist legal support and advice for the Central Research Laboratory (CRL): Eversheds are engaged to deliver this (total estimated cost is up to £60,000, with £30,000 already approved under DD1158)

- 6.2 The proposed expenditure of up to £30,000 for specialist advice will be provided for from the Growing Places Fund. The existing DD1158 provides approval for up to £120,000 expenditure on specialist support for the development of Growing Places Fund projects in the following allocations:
- Specialist financial advice of up to £30,000
  - Specialist legal advice of up to £30,000
  - Specific technical advice for the :
    - London Co-Investment Fund investment strategy up to £15,000
    - Market demand assessment of the Central Research Laboratory business plan up to £10,000
    - Property valuation to verify loan security for the Central Research Laboratory up to £5,000
  - Remaining £30,000 funding for specialist business plan advice for future projects (separate ADD will be sought)
- 6.3 This ADD requests that the unspent allocation of £30,000 for 'specialist business plan advice for future projects', be approved for expenditure on legal advice and support for the Central Research Laboratory project.
- 6.4 The original estimate from Eversheds was £30,000 and assumed preparation of the loan facility from a template. Following receipt of this quote and Eversheds commencing the work they have indicated that to fully address the GLA's requirements for the loan facility further work than originally anticipated is required in making amendments to the template loan facility. More work has also been required in order in negotiating the terms of the agreement. A new estimate for this indicates a cost of up to £50,000. In addition to this, it has become clear to GLA officers that a review of property documentation by lawyers is recommended before entering into the loan with the developer. These costs were not anticipated and are estimated at up to £10,000.
- 6.5 Further spend is required in order for the loan facility and security documentation to be completed and a review of property documentation undertaken prior to entering an agreement with the developer and therefore approval for this is sought.

**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 to confirm the following (✓)

**Drafting officer:**

Laura Dubeck has drafted this report in accordance with GLA procedures and confirms that the Finance and Legal teams have commented on this proposal as required, and this decision reflects their comments.

✓

**HEAD OF GOVERNANCE AND RESILIENCE:**

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

**Signature**

**Date**