

REQUEST FOR ASSISTANT DIRECTOR DECISION – ADD279

Title: Royal Docks Infrastructure Investment Plan and Outline Business Case

Executive Summary:

The Mayor of London and the Mayor of Newham's shared aspiration is to transform the Royal Docks, containing London's only designated Enterprise Zone (EZ), into the capital's next business district. The Greater London Authority (GLA), London Borough of Newham (LBN) and Transport for London (TfL) are seeking to commission a consultant team to establish an economic narrative for the development of the Royal Docks, a comprehensive infrastructure investment delivery plan, and develop an Outline Business Case for investment into infrastructure provision and other strategic interventions that will accelerate regeneration of the Royal Docks and maximise jobs, economic growth and business rates income over the 25 years of EZ status.

The costs of the commission will be split equally between the GLA Group and LBN. This decision seeks approval for a GLA financial contribution of up to £25,000 in 2015/16 from the GLA's Housing and Land budget towards the costs of commissioning consultancy services for the project, which has a total cost of £80,000 (exc. VAT). TfL Procurement will manage procurement of the consultant team through a competitive process.

Decision:

That the Assistant Director, Strategic Projects and Property, approves expenditure of up to £25,000 in 2015-16 from the Housing & Land budget in a joint commission with the London Borough of Newham and Transport for London, for consultancy services to establish an economic narrative for development of the Royal Docks, a comprehensive infrastructure investment delivery plan, and develop an Outline Business Case for investment into infrastructure provision and other strategic interventions to accelerate regeneration of the Royal Docks and maximise jobs, economic growth and business rates income over the 25 years of Enterprise Zone status.

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 – Strategic Projects and Property

Signature:

Date:

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1 London's Royal Docks once attracted trade and visitors from across the world. Today, they are alive with activity once again, and offer one of the most exciting investment and development opportunities in the capital as London's extensive growth shifts eastwards. The Mayor of London and the Mayor of Newham's shared aspiration is for the Royal Docks to become the capital's next business district.
- 1.2 The Royal Docks is located in the London Borough of Newham, and sits within an 'arc of opportunity', an area running from Stratford down the River Lea to the Thames that has £22 billion of development potential. It is also one of 33 London Plan Opportunity Areas – major brownfield sites identified as having significant capacity for accommodating new homes, jobs, commercial and other development. With over seven miles of dock frontage, it already benefits from an established business base with Excel – London's largest trade and exhibition centre, London City Airport, alongside the University of East London campus.
- 1.3 The area has also seen a number of recent investments, including the UK's first urban cable car - the Emirates Air Line, alongside Siemens Crystal – an exhibition centre for sustainability, and hotels including the Sunborn Yacht, and four planned hotels as part of the business park at Royal Albert Dock. Development on site also includes a Porsche Service Centre and new residential developments at a number of sites, including Barrier Park East, Great Eastern Quay and Gallions Quarter, as well as outline plans to create the UK's largest 'floating village' at Royal Victoria Dock.
- 1.4 The Mayor of London owns 170 hectares of land, and a further 96 hectares of water and dock-edge infrastructure, and has development partners for strategic land at Royal Albert Dock, Silvertown Quays, and Gallions Quarter in the Royal Albert Basin.
- 1.5 The area was designated as an Enterprise Zone (EZ) in 2012. This provides a number of incentives to encourage new businesses to locate in the area. More importantly, it allows for the local retention of business rates for a 25 year period. DTZ have recently completed a study which has modelled the potential level of income that could be generated within the zone. The study concludes that there is a strong case for the public sector to forward fund infrastructure and activities to encourage and accelerate development within the zone. Together with the London Borough of Newham and Transport for London (TfL), the Mayor views this as the key to securing investment to ensure essential infrastructure and activities are provided and the regeneration potential and business rate income is maximised.
- 1.6 The arrival of Crossrail in 2018 will further support proposals for significant inward investment that is estimated to create more than 41,000 new jobs, and provide a catalyst for the expansion of commercial space, the attraction of business occupiers and the growth of communities and leisure attractions in the area. Crossrail at Custom House will reduce journey time between the Royal Docks and Bond Street station with access to the West End in 15 minutes and within 7 minutes of Liverpool Street.
- 1.7 The GLA, LBN and TfL propose to invest in, and jointly commission, a consultant team to establish an economic narrative for the development of the Royal Docks, a comprehensive infrastructure investment delivery plan, and develop an Outline Business Case for investment into infrastructure provision and other strategic interventions that will accelerate regeneration of the Royal Docks and maximise jobs, economic growth and business rates income over the 25 years of EZ status.

- 1.8 The total cost of the project is estimated to be up to £80,000 (excl. VAT) given the scale and complexity of the work required, which will be split equally between the GLA Group and LBN. TfL Procurement will manage the procurement of the consultant team through a competitive process.
- 1.9 This decision seeks approval for a GLA financial contribution of up to £25,000 in 2015/16 from the Housing and Land budget towards the costs of commissioning these consultancy services. The decision is taken by the Assistant Director – Strategic Projects and Property in the GLA’s Housing and Land Directorate, under delegated authority from the Mayor, as approved by the Mayoral Scheme of Delegations under MD1276.

2. Objectives and expected outcomes

- 2.1 The objectives of the commission is to deliver an economic narrative, comprehensive infrastructure delivery plan and establish the Outline Business Case for investment into infrastructure provision and other strategic interventions or activities within;

- (i) the London Royal Docks Enterprise Zone, and
- (ii) the Royal Docks
- (iii) the London Borough of Newham
- (iv) the wider East-London sub-region

to support effective regeneration and development and the delivery of new rateable floorspace within the Royal Docks.

- 2.2 The infrastructure investment plan and Outline Business Case are designed to ensure the realisation of the Mayor’s regeneration priorities, including:

- business rates uplift;
- economic growth;
- sustainable local jobs;
- enhanced education and skills levels;
- provision of inclusive and accessible social infrastructure;
- accelerating delivery of Royal Docks as a successful business district, a vibrant destination and a thriving sustainable community.

3. Equality comments

- 3.1 Establishing the business case for investment into the optimum infrastructure provision and other strategic interventions to ensure the best possible regeneration outcomes in the Royal Docks and the wider area, will be essential to ensuring that the socio-economic opportunities that flow from this investment can be accessed by the diverse community in Newham and the surrounding area, which is amongst some of the most deprived in the capital.

4. Other considerations

a) key risks and issues

Key risks that could impact on the project are identified as:

- (i) *Stakeholder management:* There is a risk that the project does not deliver to the expectations of key stakeholders and fails to secure their support and buy-in to the infrastructure investment plan and Outline Business Case. This risk will be mitigated through ensuring that the three commissioning agencies are fully involved in the development of the brief, and have a vote proportionate to their financial contribution to the project , in evaluating and appointing the consultant team. Project management arrangements will ensure that all three commissioners are fully involved in the management of the project,

although one member of the commissioning team will lead and co-ordinate the project so that there is a clear reporting line for the consultant team. London's Royal Docks Officer-level Steering Group will comment, and provide a steer, on the consultant team's interim and final reports to ensure that the research products are fit for purpose. The interim and final reports will be signed off by London's Royal Docks High-level Steering Group, Mayoral Advisers, and Senior Officers in GLA, LBN and TfL;

- (ii) *Project dependency risks:* Delivery of the project is dependent on a number of other activities, or pieces of work which have different operational imperatives and timescales that will need to feed into the project. If these activities and work are not managed effectively it could result in a sub-optimal outcome for this project because of an inability to make informed decisions at key stages of the project due to relevant information not being available. It could also lead to project delays, or development of an investment plan and Outline Business Case that are not fit for purpose, which may ultimately impact on the delivery of projected benefits. Effective project management arrangements and communication mechanisms will be put in place between the different project steering groups, and between consultants delivering different pieces of work, to ensure that all project dependencies are factored into the critical path of the project, and to facilitate effective sharing of interim findings and outcomes of constituent pieces of work so that there is effective alignment between them.

b) links to Mayoral strategies and priorities

The Mayor's London Plan states that: "The Mayor will work with partners to develop and implement a viable and sustainable legacy for the Olympic and Paralympic Games to deliver fundamental economic, social and environmental change within East London, and to close the deprivation gap between Olympic host boroughs and the rest of London. This will be London's single most important regeneration project for the next 25 years". The project will contribute to the Convergence objective for the six East London Growth Boroughs, of which Newham is one – to reduce the deprivation gap between residents in the Growth Boroughs and their neighbours across London. By identifying, and securing the resources to deliver priority infrastructure and interventions that will help to enhance the jobs and wider opportunities available to local residents and Londoners, as well as boost access to new business, cultural, educational and community facilities, the project will help to reduce the employment rate and qualifications gap between the 'Growth Boroughs' and the London average, and improve the social and economic chances of residents of Newham and the surrounding areas, which is necessary for the delivery of this objective.

c) impact assessments and consultations.

The Outline Business Case will include an impact assessment of the preferred delivery option in relation to maximising beneficial outcomes for Newham, London and the UK economy. It is not considered that any further impact assessment is required for this specific decision.

Officers in the GLA's Economic and Business Policy Unit (EBPU), Strategic Projects and Property, Regeneration, Culture and Finance Teams, the London Borough of Newham and TfL have been involved in, and consulted on, the development of the specification for the work. TfL Procurement has also provided advice on the procurement process. It is not considered that any further consultation in respect of this specific decision is required.

5. Financial comments

- 5.1 This proposal will be contained within the existing Housing & Land budget.

6. Planned delivery approach and next steps

- 6.1 The project period is expected to last from mid-April to September 2015. Project management will be undertaken jointly by GLA, TfL and LBN Officers, with a project management lead who will co-

ordinate the project so that there is a clear reporting line for the consultant team. An inception meeting will be held with the successful consultant to provide all necessary background information, and agree the project plan, timeline, key milestones, payment schedule and contract details. Additional project governance arrangements are as described in paragraph 4(i) above.

Activity	Timeline
Specification of requirements issued	Early March 2015
Consultants' briefing	Mid March 2015
Closing date for clarifications	Early April 2015
Tenders submitted	Mid April 2015
Consultant team appointed	End April 2015
Inception meeting	Early May 2015
Economic Narrative complete	Early June 2015
Interim report	Mid-July 2015
Project interim findings to inform further DIF financial modelling (not part of this commission but to be undertaken by consultants DTZ in parallel with the commission)	Mid-July – End August 2015
Presentation of Interim report to London's royal Docks High-level Steering Group	End July 2015
Final report	End August 2015
Presentation of final report to London's royal Docks High-level Steering Group	September 2015
Presentation to the LEP	September 2015

Appendices and supporting papers:

- Specification of Requirements: GLA 80644 – Royal Docks Infrastructure Investment Plan and Outline Business Plan, Greater London Authority, London Borough of Newham and Transport for London, March 2015.

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

If YES, for what reason: Until such time as the tender process to select a preferred consultant team is completed.

Until what date: (a date is required if deferring) 8 May 2015.

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:

Michelle Reeves 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: