

REQUEST FOR MAYORAL DECISION – MD1287

Title: Property Asset Strategy

Executive Summary:

Approval is sought for the GLA to publish a formal Property Asset Strategy, establishing the principles behind the way the property assets are used to support key Mayoral policy priorities, including generating revenues to support the GLA's budget strategy

Decision:

To approve and publish the attached formal Property Asset Strategy.

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision, and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:

Date:

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

Decision required – supporting report

1. Introduction and background

- 1.1 The GLA is a major land owner, having inherited over 600 hectares of land (including dock bed but excluding infrastructure), from the LDA, HCA and LTGDC. This land is held within GLA Land and Property Limited, a subsidiary of the GLA and the assets are to be used to support the Mayor's key policy priorities around housing, jobs and economic regeneration. The property portfolio is also essential in generating revenue in support of the GLA's budget strategy.
- 1.2 The portfolio consists of a diverse range of property assets, ranging from substantial brownfield development sites to residual interests in major developments including the ExCel Centre. In addition, the GLA is responsible for the operation of facilities such as the National Sports Centre at Crystal Palace and Thames Barrier Park.
- 1.3 In order to ensure that this diverse portfolio is managed effectively, it is essential that a formal Property Asset Strategy is developed. This will:
- Deliver a clear focus on the outputs required from each asset
 - Ensure best value for money through efficient and effective management, procurement and disposal arrangements
 - Provide transparent principles for the management, development and disposal of assets.
 - Establish the principle of the GLA investing in land in certain cases
 - Deliver a mechanism for control of the assets including change control procedures to ensure that the strategy is reflective of changing requirements
 - Establish a benchmark to allow for a monitoring process to be implemented
- 1.4 The Property Asset Strategy and Implementation Plan will be developed and maintained in-house so costs will be minimal.
- 1.5 The externally focussed document has been produced and is attached as Appendix 1.

2. Objectives and expected outcomes

- 2.1 In conjunction with the Implementation Plan, the Property Asset Strategy will establish a live, working document that establishes both the principles by which the GLA manages and disposes of property assets and also a line by line strategy for each individual asset to ensure clarity of actions and to enable a full audit of activity to be available.
- 2.2 The Property Asset Strategy will address the strategic and operational principles and this will be published on the GLA website. This will be supported by the existing GLA property database which identifies each asset, allocates them to one of five categories and enables enquirers to find out further information on specific assets if required. In addition, an Implementation Plan will be produced for internal use that will cover in detail the specific strategy for each individual asset. A change control and output monitoring process will also be introduced.
- 2.3 The externally focussed document has been produced and is attached as appendix 1.
- 2.4 The Property Asset Strategy will be used to develop the future years' capital receipts forecasts as well as linking with existing planning tools in relation to the forecasting of the delivery of outputs including homes and jobs.
- 2.5 By linking with the GLA Property Database and appropriate case studies, the GLA will substantially increase the transparency around the nature and use of its property assets.

- 2.6 The Property Asset Strategy is based on the Mayor's commitment to have an exit strategy in place for all of the GLA's current landholdings by 2016 and will be compliant with Mayoral policies.
- 2.7 It is anticipated that the GLA will retain long-term land interests (beyond the next 10 years) in major strategic sites including Greenwich Peninsula, Barking Riverside and the Royal Docks.
- 2.8 Over 85% of the portfolio has either been developed, is in the course of development, is contractually committed or is currently being marketed. This leaves under 15% still available for development and this portfolio is either currently under active review or will be marketed shortly. HIG will be focussing on this remaining 15% alongside the work identified in 2.9 below.
- 2.9 The Housing and Land directorate is currently working on a strategy for its future role on land post 2016, which is likely to include focusing on a number of priority schemes within Opportunity Areas. A separate paper on this will go to a future HIG.
- 2.10 GLA officers will continue to work closely with the TfL and other Mayoral functional bodies and other public sector landholders, to ensure that surplus public sector land and assets in London are brought forward for development at the earliest opportunity. This follows from the existing close working between the GLA's Housing and Land team and the FBs which has led to the successful use of the Mayor's new London development Panel for the procurement of a development partner for the Metropolitan Police's Hendon Peel Centre site, announced last month.

3. Other considerations

- It is essential that data is accurate and consistent and updated regularly. This will be addressed by regular reviews and a quarterly updating regime.
- The lack of a Property Asset Strategy has been identified as a failing within the recent MOPAC audit

4. Financial comments

While the Property Asset Strategy has no direct financial implications, the strategy must align with the authority's long-term financial planning.

5. Legal comments

- a. The GLA's powers in relation to its property portfolio are for housing or regeneration purposes. In addition, section 30 of the Greater London Authority Act 1999 (as amended) (GLA Act) gives the Mayor a general power to do anything which he considers will further one or more of the principal purposes of the GLA as set out in section 30(2) which are:
 - i. Promoting economic development and wealth creation in Greater London;
 - ii. Promoting social development in Greater London; and
 - iii. Promoting the improvement of the environment in Greater London
 - b. Section 333ZC of the GLA Act provides that the GLA may not dispose of land held by it for the purposes of housing and regeneration for less than the best consideration which can reasonably be obtained unless the Secretary of State consents.
 - c. Section 34A of the GLA Act provides restrictions on carrying out specified activities for a commercial purpose.
- Any Property Asset Strategy should be consistent with these statutory powers.

6. Investment & Performance Board

The proposal was considered by HIG (23.10.13) and the Chair requested that:

- Proposals for a strategic approach to land assets across the GLA Group and the wider public sector within London be brought to the Group later this year;
- An options paper on future of the GLA's residual freehold interests be brought to the Group at a later date; and
- A stock-take of remaining interests in sites such as Beam Park and industrial land in Dagenham takes place.

The Group concluded by agreeing that the draft strategy be presented to the Investment & Performance Board for consideration (paper noted at meeting on 15.11.13) and the Mayor for approval.

7. Planned delivery approach and next steps

Activity	Timeline
Procurement of contract [for externally delivered projects]	N/A
Announcement [if applicable]	January 2014
Delivery Start Date [for project proposals]	January 2014
Final evaluation start and finish (self/external) [delete as applicable]:	Reviewed quarterly
Delivery End Date [for project proposals]	On-going
Project Closure: [for project proposals]	On-going

Appendices and supporting papers:

Appendix 1 - Property Asset Strategy Paper

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 the Strategy is published.

Until what date: 14 February 2014

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:

Malcolm Beadle has drafted this report in accordance with GLA procedures and confirms the following have been consulted on the final decision.

✓

Assistant Director/Head of Service:

Simon Powell has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

Sponsoring Director:

David Lunts has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

Richard Blakeway has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

Date

CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature

Date