

REQUEST FOR MAYORAL DECISION – MD1539

Title: Albert Island Disposal

Executive Summary:

Albert Island is an 11ha brownfield site in the Royal Docks with the potential to deliver commercial development and jobs for London. The overall objective is to procure a development partner to deliver the comprehensive redevelopment of Albert Island. The requested funding detailed in this paper will be used to obtain independent commercial property and legal advice, site investigations and necessary due diligence to:

- Support the completion of the internal options appraisal process and determine a procurement strategy;
- Assist in the preparation of supporting documentation including legal documents;
- Assist with the management of the procurement process;
- Provide technical expertise on the assessment of the commercial and financial elements of tenders;
- Support the completion of the legal documentation with the preferred bid; and
- Allow the undertaking of site investigations and additional due diligence as necessary.

Expenditure of £139,000 was approved under DD1306 to appoint property and legal advisors. This form approves a further £111,000 of expenditure taking the total to £250,000

Decision:

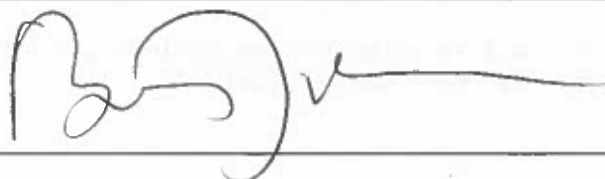
The Mayor approves expenditure of £250,000 for site investigations and further due diligence to assist with the Albert Island disposal.

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:

10/09/15

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

Decision required – supporting report

1. Introduction and background

- 1.1. GLA Land and Property Ltd (GLAP) owns the freehold of Albert Island, an 11ha brownfield site in the Royal Albert Basin at the eastern end of the Royal Docks in the London Borough of Newham and within the Royal Docks Enterprise Zone. The island is reasonably well connected, served by the Gallions Reach DLR station and direct access to the A13 and North Circular via Gallions roundabout (see appendix A – site plan). The majority of the Island is cleared. In the interim many of the individual plots currently accommodate short-term occupation that is subject to an annual review.
- 1.2. The Mayor of London is undertaking a strategic review of this site to identify proposals for the site's future development. The site has been identified in the London Plan and TfL River Action Plan as a potential location for a strategic facility required for the growth of London's leisure and working craft operating on the Thames. The Mayor is planning to market the site for a development partner, or a consortium of partners, to provide a mix of commercial premises and other uses to create jobs and growth in the area.
- 1.3. The major constraint over the Albert Island site is the London City Airport flight path, which imposes physical limitations on the location, height, and type of development in the north of the island. Supplementary planning guidance sets-out Obstacle Limitation Surfaces (OLS), a series of technical constraints, and the Public Safety Zone (PSZ). City Airport has been briefed on the proposals and is broadly supportive and open to further discussions.
- 1.4. There is limited site specific planning policy designation. The only specific designation in London Borough of Newham's (LBN) Core Strategy is for open space (OS10). However, it is perceived as forming part of wider 'Strategic Site' allocation (S19) for the adjacent Albert Basin. A development brief for the island will be established in partnership with LBN to ensure a coordinated approach to future development and will be included within the ITT.
- 1.5. The expenditure was approved in-principle by the Housing Investments Group (HIG) on the 3 march 2015. HIG endorsed the development objectives and the initiation of a developer selection process, using an OJEU compliant competitive dialogue process, to deliver a commercial mixed use development incorporating a commercial boatyard and marina, the approved spend of £139,000 (DD 1306) and endorsed the proposal to allocate the balance of the £250,000 budget to site investigations. Additional legal fees may be required due to the chosen procurement route.
- 1.6. Since the HIG approval in March 2015 work has been undertaken to identify a procurement route and to carry out soft market testing to assess the potential for a boatyard and commercial-led development at the island.
- 1.7. The preferred procurement route has been identified as Competitive Procedure with Negotiation under the Public Sector Contracts Regulations 2015.
- 1.8. A Prior Information Notice was issued in May 2015 and a website established www.albertisland.london. This has solicited interest from the market and a database of interested parties has been established. The information gathered is currently being analysed and a decision to be taken on the form of development by September 2015.
- 1.9. This process has identified that there is a need for further site investigations to understand more fully the ground conditions and any structural issues which may exist.

2. Objectives and expected outcomes

2.1. The overall objective is to procure a development partner to deliver the comprehensive redevelopment of Albert Island. The requested funding will be used to obtain independent commercial property and legal advice to:

- Support the completion of the internal options appraisal process and determine a procurement strategy;
- Assist in the preparation of the supporting documentation including legal documents;
- Assist with the management of the procurement process;
- Provide technical expertise on the assessment of the commercial and financial elements of tenders;
- Support the completion of the legal documentation with the preferred bidder; and
- Allow the undertaking of site investigations and due diligence.

2.2. The budget breakdown for the above works is estimated as follows:

- Procurement legal advice £116,000
- Property advice and website £64,000
- Site investigations and further due diligence £70,000

2.3. It is expected that the work will result in the GLA securing a development partner with the capability to deliver a commercial led development at Albert Island which results in jobs and growth for London and the Royal Docks.

3. Equality comments

3.1. There are no equality implications. The request for additional funding is for site investigations and other work to prepare the site for disposal. This has no impact on the end users (future residents) and therefore no impact on any of the protected characteristics.

4. Other considerations

Key risks and issues

4.1. Whilst policy supports the development of a boatyard on this site there is a high level of uncertainty around the boatyard's viability and market interest in developing a facility of this kind. This work is intended to mitigate this risk and avoid unnecessary costs being incurred.

Mayoral strategies and priorities

4.2. Royal Docks Strategy.

4.3. Mayoral Priority of nurturing businesses (small and large) and help Londoners to find and access jobs.

4.4. Improvement to local transport and green infrastructure to facilitate Regeneration – a Mayoral Priority - of the Royal Docks.

4.5. London Plan, Rivers Action Plan and Rivers Concordat objective to increase freight and passenger traffic on the Thames to 12m by 2020.

Impact assessments and consultations.

- 4.6. GLAP is working in close partnership with the Royal Docks Management Authority Ltd (RoDMA), Port of London Authority, Transport for London, Environment Agency and London Borough of Newham, to agree a coherent strategy for bringing forward the site for development. The site is of significant importance to both Boroughs and will deliver significant regeneration of an area of substantial need.

5. Financial comments

- 5.1. The site is subject to temporary leases. Copies of all leases entered into have been supplied to Finance and Estates Management.
- 5.2. GLAP has opted to tax the land at Albert Island. Sales of GLAP land will be subject to VAT in the normal way.
- 5.3. The expenditure to be incurred is revenue in nature and will be monitored as part of the revenue programme budget monitoring.
- 5.4. Further MD approval is required to dispose of any GLAP asset once the outcome of these studies is complete.
- 5.5. This spend can be financed by the project budget allocation of £250k for 2015/16.

6. Legal comments

6.1. 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

and, in formulating the proposals in respect of which a decision is sought, officers confirm they have complied with the GLA's related statutory duties to:

- pay due regard to the principle that there should be equality of opportunity for all people;
- consider how the proposals will promote the improvement of health of persons in Greater London, promote the reduction of health inequalities between persons living in Greater London, contribute towards the achievement of sustainable development in the United Kingdom and contribute towards the mitigation of or adaptation to climate change in the United Kingdom; and
- consult with appropriate bodies.

6.2. Sections 1 - 3 of this report indicate that the Mayor has the power to proceed to make the decisions requested within this report.

7. Investment & Performance Board

The proposal for additional expenditure of £111,000 for site investigations and further due diligence to assist with the Albert Island future disposal which was endorsed by the Housing Investment Group on the 3 March 2015.

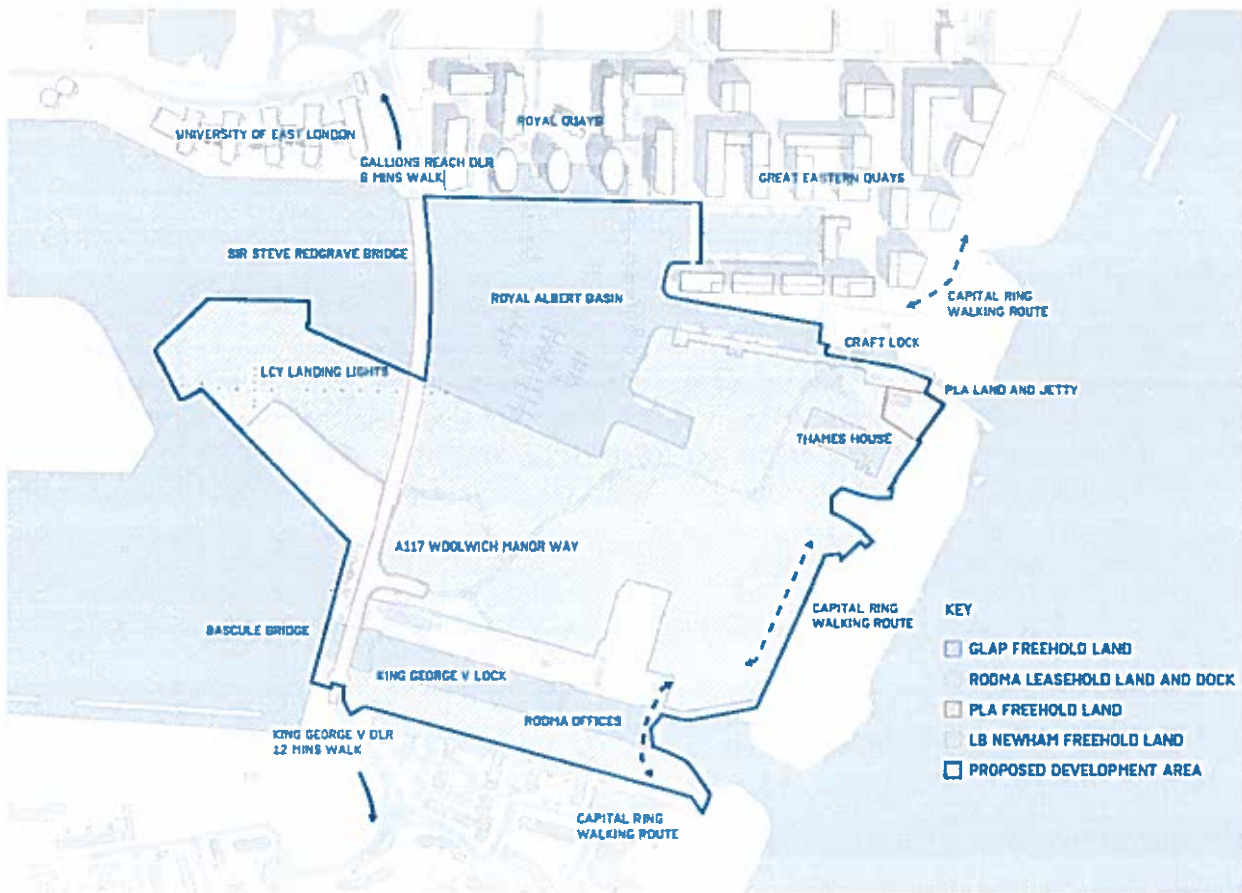
8. Planned delivery approach and next steps

8.1. Consultants have been procured through frameworks and managed by the Strategic Projects and Property Team.

Activity	Timeline
Competitive with Negotiation OJEU Process	October -March 2016
Site investigations and Due diligence	September - October 2015
Delivery End Date Development partner appointed	March 2016
Project Closure: Development commences	June 2016

9. Appendices and supporting papers:

9.1. Development area



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:

Carolyn Tobin 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:

Jamie Ratcliffe 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


PP M. CLARKE

Date 26 August 2015

CHIEF OF STAFF:

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

Signature



Date 01:09:2015

