

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD1552

Title: London & Partners – Regeneration Funding

Executive Summary:

London & Partners (L&P) have been tasked with attracting investment into regeneration and development projects in Mayoral priority locations. This paper requests the GLA contribute £100,000 towards the costs of appointing specialists to assist with this work. This will allow L&P to continue marketing London's investment opportunities in regeneration, development and infrastructure and aid domestic and international investment into London.

The GLA has previously contributed towards the cost of development specialist secondees at L&P and Jones Lang LaSalle (JLL) was appointed. Director Decision DD1144 approved the GLA contribution of £80,000 grant to cover the costs of JLL until March 2014

It is proposed that GLA contributes an additional £100,000 of funding for L&P to appoint development specialists until March 2017 (to be split equally £50k in 2015-16 and £50k in 2016-17).

Decision:

The Mayor approves expenditure of up to £100,000 of additional grant funding for London & Partners to continue the appointment of development specialists until March 2017, split equally between 2015-16 and 2016-17.

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:

4.2.16

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1 London and Partners (L&P) have been tasked with attracting investment into regeneration and development projects in Mayoral priority locations. L&Ps objective is to generate interest and confidence in the London market and introduce new players. L&P would like to continue their appointment of development specialists to aid this work.
- 1.2 L&Ps annual (2015-16) programme budget for this work is £162,000 (excluding VAT) which is a combination of salary costs from L&Ps Trade and Investment Budget and the grant from GLA requested in this Mayoral Decision (£50,000 for 2015-16 and £50,000 for 2016-17). L&P will fund 69% of the annual programme costs for this work and the GLA will fund 31%. These are actual costs based on the procurement exercise described in 1.5 below.
- 1.3 The GLA funding is a contribution towards the cost of appointing L&Ps development specialists until March 2017. The GLA grant will help fund the development of a portfolio of projects to market internationally, manage relationships with interested investors and support the attraction of investment into London development projects (more details in Section 2). This will enable L&P to deliver against the regeneration targets in their 2015-16 and 2016-17 business plans.
- 1.4 The GLA has previously contributed towards the cost of development specialist secondees at L&P and Jones Lang LaSalle (JLL) was appointed. Director Decision DD1144 approved the GLA contribution of £80,000 grant to cover the costs of JLL until March 2014.
- 1.5 In March 2015 L&P wrote to all the major real estate and development consultancy providers in London asking them if they were interested in providing the service to L&P/GLA and only JLL responded. JLL have performed well in their role and will be retained.
- 1.6 The GLA has tasked L&P with promoting regeneration and development opportunities in priority areas for the Mayor. To achieve this it is recognised that work is needed with potential investors to understand their requirements and put forward projects to encourage investment. These opportunities would need to be sourced from close working relationships with landowners in the public and private sector, as well as developers and investors that are active in the London market. These opportunities would then be marketed through L&Ps London Investment Opportunities Booklet in a way that promotes the case for investing into the London market.
- 1.7 The appointment of a development specialist will fill a skills gap in terms of being able to interpret the GLAs investment priorities into commercially viable and market ready investment propositions in regeneration and development. In conjunction with L&Ps sales teams, these projects will then need to be presented to potential investors to drive interest in the London market. Neither GLA nor L&P have this commercial real estate and development expertise in-house.
- 1.8 For 2014/15, £1.27m of regeneration wins (based on residential land value) have been recorded by L&P. The following investment activity has been recorded since 2012-13:

Year	Project
2012-13	Greenland (China) – Ram Brewery, Wandsworth Greenland (China) – Hertsmere House, Canary Wharf Oxley (Singapore) – The Royal Wharf, Newham
2013-14	Abu Dhabi Financial Group (UAE) – 10 Broadway (New Scotland Yard),

	Westminster Eco World (Malaysia) – Project Ace portfolio (Canning Town, Canary Wharf, Nine Elms)
2014-15 (to date)	China Building Technique Group Co (China) – One Lansdowne Road, Croydon Related (USA) – Brent Cross, Cricklewood

- 1.9 The Director Decision DD1144 stated that L&P were planning to make the work part of their core work in future years and would fund this centrally. This approval will cover a continued, but smaller, contribution in recognition of this important ongoing work marketing investment opportunities in regeneration, development and infrastructure in London.
- 1.10 For future years, the Investment and Performance Board meeting on 10 December “agreed the necessity to have a single funding pot with London & Partners from which all projects were delivered – as opposed to some in-year items being charged on top of the core grant¹.”

2. Objectives and expected outcomes

- 2.1 The development specialists, working with L&P, will:
- Continue to develop a portfolio of projects in conjunction with the development community, GLA group and the London Boroughs and market them internationally.
 - Continue to manage the relationships with interested investors – introducing them to development opportunities and other partners – to deliver investment into London regeneration and development projects.
 - Be the docking point on behalf of GLA/L&P on UKTI and return on investment for regeneration and development issues
 - Deliver the L&P elements of MIPIM as partner of the wider London Family presence
 - Support the attraction of investment into at least 2 regeneration and development projects, as per L&Ps business plan objective
 - Provide support until March 2017

3. Equality comments

- 3.1 L&P’s work will seek to attract investment in the infrastructure and regeneration that Londoners need, and to maximise the benefits from this investment. Investment decisions will be made with due regard to their impact on all Londoners.

4. Other considerations

Links to Mayoral priorities

- 4.1 The marketing of London’s investment opportunities is in line with the objective in the Mayor’s Economic Development Strategy to promote and attract investment in the infrastructure and regeneration which London needs, and to maximise the benefits from this investment.
- 4.2 This work aligns with the Housing and Land priority to accelerate the pace of land released for housing and development, and the target to deliver more than 42,000 homes a year in the London Housing Strategy.
- 4.3 This work also aligns with the Government and International Relations priority to create jobs and growth through organising and delivering the Mayor’s international visits.

¹ Meeting: Investment and Performance Board, Thursday 10 December 2015, Minutes, Item 6

Impact assessment and consultations

4.4 L&P will liaise with senior GLA staff to ensure alignment with Mayoral priorities and plans.

4.5 Key Risks and Issues

Risk	Mitigation
The development specialists fail to achieve their KPIs	Clear project scope and requirements. Appointment of JLL given record of success on past projects with L&P. Ongoing performance monitoring and updates to GLA.
Development specialists work does not align sufficiently with the Mayor's priorities	Quarterly GLA performance reviews and regular updates on L&Ps activity. Liaison with Housing & Land, EBPU and Governance Teams.

5. **Financial comments**

5.1 The expenditure of up to £100,000 to grant fund London and Partners to continue the appointment of two secondees from Jones Lang LaSalle (JLL) will be funded from the Development, Enterprise and Environment 2015-16 and 2016-17 Directorate Minor Programme Budget.

5.2 The funding will be split equally between the two years.

6. **Legal comments**

6.1 Sections 1 – 4 of this report indicate that:

6.1.1 the decisions requested of the Mayor (in accordance with the GLA's Contracts and Funding Code) fall within the GLA's statutory powers to do such things considered to further or which are facilitative of, conducive or incidental to the promotion of economic development and wealth creation in Greater London; and

6.1.2 in formulating the proposals in respect of which a decision is sought officers have complied with the Authority's related statutory duties to:

- pay due regard to the principle that there should be equality of opportunity for all people (further details on equalities are set out in section 3 above) and to the duty under section 149 of the 2010 Act to have due regard to the need to eliminate unlawful discrimination, harassment and victimisation as well as to advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not²;
- consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom; and
- consult with appropriate bodies.

² The protected characteristics and groups are: age, disability, gender reassignment, pregnancy and maternity, race, gender, religion or belief, sexual orientation and marriage/ civil partnership status.

6.2 Section 1 above indicates that the contribution of £100,000 to L&P amounts to the provision of grant funding and not payment for services. Officers must ensure that the funding is distributed fairly, transparently, in accordance with the GLA's equalities and in manner which affords value for money in accordance with the Contracts and Funding Code.

Officers must ensure that an appropriate funding agreement is put in place between and executed by the GLA and recipient before any commitment to fund is made.

7. Planned delivery approach and next steps

7.1 It is proposed that this role continues to be filled by a JLL director 2 days a week with 2 days of support from the secondment of an associate within their team. Both will be retained until March 2016.

Activity	Timeline
Procurement of contract	N/A
Delivery Start Date	Underway
Delivery End Date	March 2017
Project Closure	March 2017

Appendices:

None

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:

Katherine Davies 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:

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

✓

Sponsoring Director:

Fiona Fletcher-Smith has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

Joe Mitton 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 *M.D. O'Leary*

Date 3.2.16

CHIEF OF STAFF:

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

Signature *Edmund Hill*

Date 04:02:2016