

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD1644

Title: Olympicopolis – Stratford Waterfront Management Company

Executive Summary:

At its Board meeting on 10 March 2016, the London Legacy Development Corporation (LLDC) agreed, subject to Mayoral consent, to establish a dedicated estate management company - Stratford Waterfront Management Company or SWMC - to take a long lease, operate and manage the common parts of the Stratford Waterfront zone (excluding the residential development) on behalf of LLDC and any statutory successor.

Mayoral consent is required to form a body corporate under the Localism Act 2011. Furthermore, the granting of a long lease to SWMC will be a 'land transaction' as defined under paragraph 4.5 of the GLA's Corporate Governance Direction to the LLDC approved by MD 1227; such land transactions can only be entered into by the corporation with the Mayor's prior consent.

Decision:

The Mayor:

- 1) grants consent -under section 212 of the Localism Act 2011- to LLDC establishing Stratford Waterfront Management Company Limited (SWMC), as the estate management company for Stratford Waterfront.
- 2) grants consent -under paragraph 4.5 of the GLA's Corporate Governance Direction to the LLDC and section 209(1) of the Localism Act 2011- to LLDC granting a lease to the SWMC.

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:

22.4.2016

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

Decision required – supporting report

1. Introduction and background

- 1.1. The LLDC has been working closely with the Mayor of London, Government, University College London, V&A, UAL, Sadler's Wells and other cultural partners since 2013 to develop the Olympicopolis project to bring together world leading culture and university institutions on the Queen Elizabeth Olympic Park (QEOP) to create an inspirational centrepiece to drive aspiration and opportunity for the people of East London. An Outline Business Case (OBC) for the Olympicopolis project was approved by Government in November 2014, and in December 2014, the Chancellor of the Exchequer confirmed in his National Infrastructure Plan that he would provide up to £141 m for the project. This is set out in a memorandum of understanding between the GLA and the Department for Communities and Local Government approved under MD 1422. The spending review 2015 confirmed Government support for Olympicopolis and increased the Government capital grant to £151m.
- 1.2. Since Heads of Terms were agreed, substantive terms of the Agreement for leases (AFLs) with development obligations have been negotiated with UAL, Sadler's Wells and V&A. Under the terms of each of the AFLs, once obligations on both the LLDC and partners have been discharged, the agreement becomes unconditional and the Lease is granted to the tenant. These AFLs are the subject of a separate Mayoral Decision (MD1476) seeking the granting of consent.
- 1.3. The LLDC owns the freehold interest of Stratford Waterfront, a 4.2 acre site adjacent to the London Aquatics Centre in QEOP. The LLDC, or its successor body, will retain the freehold and grant leasehold interests in Stratford Waterfront to the partners, and manage the public realm.
- 1.4. The proposed management and operational model for the Stratford Waterfront estate has been developed in tandem with legal negotiations on the Agreement for Leases and Leases with the partners along with further development of planning for the operational arrangements. The LLDC has also looked at and visited examples of other comparable estates including the Barbican, the Southbank Centre and the Liverpool Docks area to inform these proposals.
- 1.5. It is proposed that full operational responsibility for the common parts – the public realm ie the publicly accessible open spaces, pathways, street furniture, landscaping including at the waterfront and podium level of Stratford Waterfront should be transferred to a subsidiary company of LLDC which will act as the dedicated estate management company for the Waterfront. This would be a similar arrangement to those already in place for Chobham and Sweetwater in the Queen Elizabeth Olympic Park (QEOP).
- 1.6. This company, SWMC, will be a company limited by guarantee, with membership made up of tenants and LLDC. It is proposed that this would be incorporated prior to the grant of Leases to the tenants. The Lease to SWMC would be put in place following the grant of the main Leases to the Partners.
- 1.7. Under Section 212(1) of the Localism Act 2011 ('the Act') LLDC may carry on any business but must ensure that no subsidiary engages in an activity which LLDC would not be permitted to carry on. Section 206 (4) of the Act permits LLDC to manage land and Section 206 (5) allows LLDC to facilitate such an activity.

Consents

- 1.8. Under Section 212 (2) of the Act, LLDC may form bodies corporate with the consent of the Mayor
- 1.9. In addition, the Lease to the proposed body corporate, is a 'land transaction' as defined by clause 2 of the National Lottery Funding Repayment Agreement (NLFRA) and, under paragraph 4.5 of the GLA's

Corporate Governance Direction to the LLDC approved under MD 1227, such 'land transactions' can only be entered into by the LLDC with the Mayor's prior consent;

- 1.10. As the lease relates to the public realm on the Stratford Waterfront zone – publicly accessible open spaces, pathways, street furniture, landscaping – the disposal of the lease is not considered to be at less than best consideration as the public realm travels with ongoing maintenance and operational liabilities and is therefore considered to have nil commercial value.

2. Objectives and expected outcomes

- 2.1. The Mayor's vision is that Olympicopolis will support LLDC's ability to deliver a meaningful and sustainable legacy from the London 2012 Olympic and Paralympic Games. Olympicopolis has been designed to ensure that the Queen Elizabeth Olympic Park area becomes an exciting new district of London, providing a unique offer to residents and visitors. The proposition for Olympicopolis will support wider economic growth, greater access to education provision, as well as new skills and employment opportunities, generated by a strong visitor economy and an innovative learning and research location for inward investors.
- 2.2. Olympicopolis has been designed specifically to ensure that future infrastructure investment on QEOP supports the Mayor's legacy priorities of physical, social and economic regeneration for east London. The new facilities being developed for Olympicopolis will be designed and delivered to ensure they support the Mayor's regeneration priorities, including:
 - economic growth;
 - enhanced education and skills levels;
 - sustainable local jobs;
 - raising local aspirations;
 - supporting the delivery of a successful and accessible Park;
 - helping to redefine Stratford's place in London's economy, as a new heart for east London.
- 2.3. This will be enable the provision of:
 - 125,000 m2 Higher Education space;
 - up to 40,000m2 cultural space;
 - up to 800 new residential units.

3. Equality comments

- 3.1. The LLDC priority theme of Championing equalities and inclusion was taken into account in the development of the proposition for Olympicopolis, in consultation with all the project partners. It will be integrated into the procurement approach for each strand, as the project moves into the design, construction and operational stages. LLDC will ensure that equalities, access and sustainability considerations are applied to procurement, employment, participation and inclusive design as required throughout the project.

4. Other considerations

a) key risks and issues

- 4.1. The LLDC have identified the following risks associated with this proposal
 - There is a risk that LLDC has landlord may need to step in to resolve any operational issues if the partners to not effectively manage the SWMC. This is considered to be a low possibility as it is in the interests of all the partners to manage the waterfront site.

- There is a risk that the management and programming/activation of the common areas is not integrated with the wider Park activities which could impact on the reputation of LLDC and the wider Park. This is considered low risk as the estate management model is working successfully elsewhere in QEOP. LLDC has the ability with its vote to influence the operation and programming at Stratford Waterfront.
- There are further risks set out in the Part 2 report.

b) links to Mayoral strategies and priorities

- 4.2. 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 (known as 'Convergence'). "This will be London's single most important regeneration project for the next 25 years". Olympicopolis directly addresses the Convergence ambition for east London, supported by the Mayor and DCLG. It also supports the Growth Deal for London 2014, within the context of detailed regional objectives, as set out in the Mayor's Vision 2020, Jobs & Growth Plan for London (2013) and the Mayor's Culture Strategy (2014).
- 4.3. The Strategic Case in the OBC focuses on three principal policy areas that capture the objectives of the project around: legacy, economy, and convergence

c) impact assessments and consultations

- 4.4. An economic impact assessment was undertaken as part of the Olympicopolis Outline Business Case submitted to Government. It showed that the Olympicopolis project will generate 3,000 jobs, 1.5 million additional visitors and £2.8 billion of economic value to Stratford and the surrounding area.
- 4.5. It is not considered that the Mayor need undertake any further impact assessment in respect of this particular decision.
- 4.6. The LLDC Board and Investment Committee, Stratford Waterfront partners, TfL Legal and external legal advisors were consulted during the development of the AfLs. It is not considered that the Mayor need undertake any additional consultation in respect of this decision.

5. Financial comments

- 5.1. The proposed arrangements will pass on long term liabilities to the management company in the form of operational responsibility for all common parts of Stratford Waterfront. There are short term implications for LLDC as any costs of incorporation of the management company or capital plant and equipment have yet to be costed or budgets identified. These are to be identified by September, but the expectation is that these would be managed within the current levels of approved financial support that GLA is providing to LLDC.

6. Legal comments

- 6.1. No other significant legal implications concerning the giving of consent require reporting which are not mentioned elsewhere in his report

7. Investment & Performance Board

- 7.1. The proposal has been approved by LLDC's Board. It does not fall under IPB terms of reference

8. Planned delivery approach and next steps

Activity	Timeline
Finalise articles of association	March 2016
Complete further investigations into operational model and costs	September 2017
Incorporate SWMC	March 2018

Appendices and supporting papers:

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 31 May 2016 when the Agreements for Lease on Stratford Waterfront are signed. This MD cross refers to the Agreements for Lease MD and so should be published at the same time.

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 – YES

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Tim Somerville 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:

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

✓

Sponsoring Director:

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

✓

Mayoral Adviser:

Sir Edward Lister 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. J. Belle

Date 18.4.16

CHIEF OF STAFF:

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

Signature Edward Hill

Date 19.04.2016