

REQUEST FOR ASSISTANT DIRECTOR DECISION – Catford Stadium

Title: ADD124 - Catford Stadium – Additional Resources for Disposal Costs

Executive Summary:

This paper seeks approval of additional budget for the Catford Stadium project disposal costs. This will cover the remaining legal fees associated with the development contract and the costs associated with discharging the GLA's conditions precedent.

Approval for these costs will ensure there are no delays to the contract going unconditional and will enable the start on site for this important regeneration project by early this spring.

Decision:

That the Head of Area, South approves expenditure of £17,000 for the Catford Stadium project to cover the legal fees associated with the contract with the developer.

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: Lucy Owen

Position: Head of Area

Signature: 

Date: 25/3/14

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and Background

- 1.1 The former Catford Greyhound Stadium is a 4.7 hectare site located between Catford Bridge and Catford Railway Station, in the London Borough of Lewisham. The land was acquired by English Partnerships, a predecessor body of the Homes and Communities Agency (HCA), in March 2004 from Network Rail and the National Greyhound Association. The site was transferred to the GLA from the HCA as part of the devolution of power to the Mayor under the Localism Act 2011.
- 1.2 In December 2010, the HCA London Senior Management Team approved a disposal strategy for the site, which was endorsed by the HCA Executive Investment Group in February 2011. The recommended disposal option was to procure a development partner using the HCA's Delivery Partner Panel (DPP) with the potential to offer deferred land payment terms. The DPP was recommended on the basis that it offers a quick and compliant means of procuring a development partner.
- 1.3 An Invitation to Tender (ITT) was issued in June 2012 to the bidders shortlisted through the DPP sifting brief evaluation. The ITT provided detailed information on the site and set out the strategic objectives for the development opportunity. For more detail on the evaluation process and recommended bidder, please see the February 2013 Mayoral Decision paper, MD1138.
- 1.4 In February 2013 the Mayor approved the preferred bidder, Barratt Homes, to take forward the redevelopment of the site. In May 2013 a conditional contract was signed between Barratt and GLA. Subject to achieving the contract conditions precedent, the start of site for the development is April 2014. The disposal of the land was approved in MD1138.
- 1.5 The proposals to deliver 589 homes with associated mixed-use development on the site will increase the supply of housing in the capital and is expected to act as a catalyst for the wider regeneration of Catford Town Centre, which is being driven by the London Borough of Lewisham. In addition, the proposals will stimulate economic growth and promote job creation. On the assumption that for every home built two jobs are created, the redevelopment of the site is expected to create circa 1,178 jobs.

2 Current Budget

- 2.1 Catford Stadium has an approved IPB budget of £15,000 for 2013/14. The project has so far incurred £22,726 of spend. This has been attributed to consultancy fees relating to the financial due-diligence required during the developer selection process, and legal fees relating to the contract negotiation. It has also covered costs associated with the work on the private rented sector model.
- 2.2 Additional spend of £17,000 is sought to cover additional legal fees and the work required to discharge the GLA's conditions precedent.

3 Upcoming Costs

3.1 Network Rail Clawback Covenant

One of the Catford Stadium titles contains a provision relating to claw-back being paid to Network Rail if a planning permission is granted. Based on valuation evidence and project spend to date no claw-back is payable to Network Rail. Network Rail has accepted this position. The provision must be removed from the title prior to the developer starting on site. This is a 'Conditions Precedent' for the GLA to satisfy in order for the contract to go unconditional.

3.3 Lewisham Borough Council – Restrictive Covenant

There is a London Borough of Lewisham restrictive covenant contained within the 5 August 1892 Deed at Catford Stadium. A Deed of Release must be registered against the title prior to the developer starting on site. This is a 'Conditions Precedent' for the GLA to satisfy in order for the contract to go unconditional.

3.4 Final legal work to complete land sale

There is final legal work required to complete the land sale to Barratt Homes once the contract has become unconditional in March 2013. The Lease will need to be finalised between GLAP and Barratts and then completed including the overage deed signature and parent company guarantee.

4 Objectives

- To facilitate the fast resolution of the conditions precedent remaining for this scheme
- To enable the start of site for the scheme early next year

5 Other considerations

Key Risks	Mitigation Strategy
Legal Fees exceed budget	Quotes have been sought from all parties involved and a fixed fee agreed.

Links to Mayoral Priorities

The proposals to deliver 589 homes with associated mixed-use development on the site, will increase the supply of housing in the capital and is expected to act as a catalyst for the wider regeneration of Catford Town Centre, being driven by the London Borough of Lewisham. In addition, the proposals will stimulate economic growth and promote job creation. On the assumption that for every home built two jobs are created, the redevelopment of the site is expected to create around 1,178 jobs.

6 Financial comments

The following table shows the current approved budget for Catford and the new budget required for this project. The additional budget required on Catford will be met from underspend in the Brenley Park project.

No budget adjustments will be made but the under and over spends will be monitored by Finance as part of the budget monitoring process.

Area Team	Project Name	Current Budget			New Budget		
		2013-14	2014-15	Total	2013-14	2014-15	Total
South	Catford Stadium	£15,000	£0	£15,000	£32,000	£0	£32,000

Source of budget				
Area Team	Project Name	2013-14	2014-15	Total
South	Brenley Park, Cedars Avenue, Mitcham	-£17,000		-£17,000

7 Next Steps

Outcomes	Timeline
Network Rail covenant removed from title	February 2014
Lewisham covenant removed from title	March 2014
Start on Site	April 2014

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

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:

Finlay Kelly 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:

25.03.14

