

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD1649

**Title: Completion of legal agreements for the development of a Floating village in Royal Victoria Dock, Royal Docks**

### Executive Summary:

Using the GLA's London Development Panel (LDP), GLA Land and Property Limited (GLAP) has selected the joint venture Carillion Igloo Genesis (Igloo JV) as the preferred partner to develop a mixed use floating development on 5Ha of water in Royal Victoria Dock within the Royal Docks, London Borough of Newham. Approval is sought to appoint Igloo JV to deliver 50 homes and associated commercial and leisure activities to create a high quality floating community. (See plan at Appendix 1).

### Decision:

That the Mayor:

- Approves GLA Land and Property Ltd to enter into a development agreement with Carillion Igloo Genesis on the terms outlined in this paper and associated documentation necessary to facilitate the Floating Village project;
- Approves GLA Land and Property Ltd to enter into a surrender agreement with RoDMA for the 5ha of water on the terms set out in this paper;

### 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:

28/04/2016.

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

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1 On the 12<sup>th</sup> March 2013 at MIPIM (international property event in Cannes) the Mayor of London with the support of the Mayor of Newham announced that he would be launching a competition to seek a development partner to deliver a floating village in Royal Victoria Dock.
- 1.2 The Floating Village will create a unique concept to London by establishing a floating, mixed-use community. The high quality residential led scheme will incorporate a genuine mix of commercial and leisure uses, with the objective of attracting more visitors to the area, increase visitor dwell time, create local jobs and raise the profile of the Royal Docks.
- 1.3 In May 2013 the GLA's Investment and Performance Board (IPB) endorsed a disposal strategy for the site, which was approved by a Mayoral Decision No 1285. The recommended disposal option was to procure a development partner using the GLA's London Development Panel (LDP).
- 1.4 Following a three stage procurement process in July 2014, the GLA's Housing and Investment Group (HIG) endorsed the selection of the Igloo JV as the preferred development partner for the Floating village scheme. A further update on progressing the details of the development agreement was provided in December 2015,
- 1.5 The purpose of this decision paper is to set out the basis of the competitive procurement process undertaken, highlight the key commercial terms enshrined within the development agreement and gain a Mayoral Decision to proceed to enter into the development agreement and ancillary documentation allowing the Igloo JV to proceed with the development.

#### **The Site**

- 1.6 GLAP's site is a 5ha area of water within Royal Victoria Dock which encompasses the dock bed and associated dock water space, the adjoining dock edges, and stepped false quay access known as the Corniche within the London Borough of Newham. It is located to the western end of Royal Victoria Dock close to the ExCeL Exhibition Arena and International Convention Centre.
- 1.7 The site is in easy reach of public transport connections of both Royal Victoria DLR and Custom House DLR stations and also the Emirates Airline. The anticipated arrival of the Custom House Crossrail Station during 2018 will provide access to central London, including a direct link to Liverpool Street station within 7mins, and a planned bus interchange to local destinations.

#### **Disposal Strategy**

- 1.8 Given the unique and innovative nature of this development, GLAP worked closely with the Royal Docks Management Authority (RoDMA) and the London Borough of Newham's (LBN) during the procurement to ensure the objectives of the key stakeholders were represented.
- 1.9 The developer selection process was based on a three stage approach incorporating an Expression of Interest (EOI), Sifting Brief and Invitation to Tender (ITT). GLAP were advised during the process by legal and procurement advisors at different stages. The EOI was issued to all 25 members of the LDP in December 2013 and following receipt of EOIs the Sifting Brief was issued to all interested LDP members also in December 2013. The ITT was issued in February 2014 to the bidders shortlisted through the Sifting Brief evaluation and tenders were received by the prescribed deadline of 30<sup>th</sup> April 2014.

- 1.10 Igloo JV were recommended and endorsed by HIG in July 2014 on the basis that their bid represents the most economically advantageous tender using the evaluation criteria published in the ITT documentation.
- 1.11 The key commercial terms on which GLAP intends to contract with the Igloo JV was endorsed by HIG in December 2015 and are set out in the confidential part 2 of this MD.
- 1.12 RoDMA board has endorsed the proposal to surrender the 5 ha of the water which currently forms part of a 225 year lease from GLAP, in place to give RoDMA the right to manage the water, via a lease.

The RoDMA lease provides that where a surrender of the water area is sought, RoDMA can seek a premium. RoDMA will receive a percentage share of any development receipts (less all legitimate costs incurred by GLAP) received by GLAP (see part 2).

## **2. Objectives and expected outcomes**

- 2.1 The project aims and objectives are to create a unique internationally recognised high quality mixed use floating visitor destination which achieves the following:

- *The Place*  
Create an internationally recognised high quality, innovative and architecturally outstanding visitor destination;
- *Mix of uses*  
Provide a vibrant and genuine mix of uses which provides homes, visitor attractions and amenities;
- *The waterspace*  
The development must protect access to views across the waterspace and must also support active uses within the water body and retain the character of the docks;
- *Long term management*  
Provisions of a high quality and efficient long-term management for the development to ensure the high quality appearance of the buildings are maintained together with the public spaces.

- 2.2 The expected outcome of the development is to provide a high quality residential led scheme which will incorporate a genuine mix of commercial and leisure uses which will attract more visitors to the area, increase visitor dwell time, create local jobs and raise the profile of the Royal Docks.

The minimum development will be 50 residential homes and 25,000 sq m of non-residential floorspace. Under the key terms and conditions of this appointment the developer shall:

- Enter into a Development Agreement (DA) based on a standard form, and a Head Lease. The development agreement is conditional on the delivery partner securing a planning permission (which is subject to the approval of GLAP) and will need to provide evidence of funding delivery;
- Submit a planning application within:  
*Submission Target Date:* 10 months from the date of the Development Agreement  
*Submission Longstop Date:* 20 months from the date of the Development Agreement
- Pay a guaranteed minimum land value (net of all costs) on the basis of the financial offer, submitted as part of Igloo JV's bid, on completion of the scheme or on the longstop date.

### 3. Equality comments

- 3.1 The public spaces and non-commercial areas of the scheme will be fully accessible and DDA Compliant together with a number of the residential units determined by the planning permission. The proposal will meet this requirement and will be addressed in more detail as the detailed design progresses.

### 4. Other considerations

- 4.1 Key risk and issues:

Key Risks	Mitigation Strategy
The bidder fails to gain a suitable planning permission	Ensure the bidder implements the strategy submitted as part of the tender. A requirement of the Development Agreement is the development partner will enter into a Planning Performance Agreement (PPA) with LBN, which will specify milestones for submission of planning application and timescales for borough response. Work closely with LBN's planning and regeneration teams to ensure the proposal meet their requirements.
The successful tenderer defaults on the offer, which would delay delivery of the project	The purchase price within the Development Agreement is a guaranteed minimum sum due on the end date or practical completion of the development when all the Conditions have been satisfied.
The procurement process is challenged	As set out in this report, a transparent, fair and equal procurement process has been undertaken, in line with advice received from advisors
Lack of interest from occupiers	Support the developer in preparation of the sales and marketing strategy. Agree target dates for completion of the scheme. Flexibility built into the Development Agreement regarding non-residential floorspace.

### 5. Financial comments

- 5.1 Finance comments are in part 2 of this paper.

### 6. Legal comments

- 6.1 GLAP has and is being advised by Eversheds throughout this project including in relation to the fine tuning of the development agreement and other scheme documents.

- 6.2 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.

6.3 Sections 1 and 2 of this part 1 indicate that the Mayor has the power to proceed to make the decisions as requested within this report.

## **7. Investment & Performance Board**

7.1 On 3 July 2014 Housing Investment Group (HIG) received a report outlining the results of a competitive tender exercise to develop the water within Royal Victoria Dock. HIG endorsed the preferred development partner and noted the receipt for the sale of the site.

7.2 On 9 December 2015 HIG received a further report which set out the key commercial terms on which the GLA have agreed to contract with the Igloo JV where were set out in the reserved part of the report. HIG endorsed the completion of the development agreement with the Igloo JV on the terms outlined in private part 2 of the paper and also summarised in part 2 of this MD.

## **8. Planned delivery approach and next steps**

8.1 The next steps are summarised below:

<b>Activity</b>	<b>Timeline</b>
Mayoral Decision	April 2016
Enter into Development Agreement	April 2016
Submission of Planning Application	January 2017
Planning Approval/signed s106	August 2017
Start on Site (longstop)	March 2019
Completion	March 2022

## **Appendices and supporting papers:**

Appendix 1 – Red line boundary plan of the site

**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 – YES**

**ORIGINATING OFFICER DECLARATION:**

Drafting officer to confirm the following (✓)

**Drafting officer:**

Paul Guest 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:**

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. D. Allen*

Date

26.4.16

**CHIEF OF STAFF:**

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

Signature

*Edward Lister*

Date

27.04.2016