

# GREATER LONDON AUTHORITY

## REQUEST FOR DIRECTOR DECISION – DD2062

**Title:** Newington Butts site access

### Executive Summary:

This report recommends a financial settlement to resolve a site access issue affecting the Newington Butts development.

### Decision:

The Executive Director approves a reduction of £150,000 in the overall land receipt for disposal of Newington Butts.

### AUTHORISING DIRECTOR

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:** David Lunts

**Position:** Executive Director, Housing & Land

**Signature:**



**Date:**

17. 11. 2016

## **PART I - NON-CONFIDENTIAL FACTS AND ADVICE**

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

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

Newington Butts is a site that GLA Land and Property (GLAP) inherited from the Homes and Communities Agency (HCA) via the 01/04/2012 Localism Act transfer. The HCA had inherited the site from English Partnerships. The latter organisation purchased the site in 2004 and appointed a developer who obtained planning consent in 2008 but did not proceed to start on site.

Following a restricted OJEU procurement process, GLAP appointed Newington Butts Developments Limited (NBDL) on 11/07/2013 (MD1240) to develop the site on the basis of the 2008 planning consent. In March 2014 there was exchange of contracts for an agreement for lease and on 04/02/2015 (with approval via MD1444) a building lease was signed allowing start on site, which happened the same month.

The 2008 planning consent assumed that vehicular traffic would enter the site via Dante Place and exit at the opposite end. Earlier in 2016, the developer became aware that L.B. Southwark owned Dante Place but it was not an adopted road. That meant that, unless L.B. Southwark was willing to adopt the road or agree an alternative access arrangement, the consented design was no longer viable. After protracted negotiations, L.B. Southwark has agreed to adopt Dante Place in exchange for £150,000 worth of roadway improvements. The recommendation is to cover this amount through a reduction in the purchase price.

GLAP staff involved in the tendering process were unaware of this access issue. This arrangement is recommended to prevent the development from failing to proceed.

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

2.1 The objectives are the following.

**a. Maintain viability of the consented design.**

If L.B. Southwark adopts Dante Place, this will resolve the access issue, maintaining viability. It would also maintain the momentum of this development, which includes a 46-storey tower. Construction activity has already gone beyond the 30<sup>th</sup> storey, so it would be disastrous if it stalled now.

**b. Minimise loss of income to the GLA.**

Originally there was a danger that L.B. Southwark would treat Dante Place as a ransom strip requiring a payment of millions of pounds. Lengthy negotiations, have produced this more reasonable settlement.

**c. Avoid any change that would risk undermining the previous OJEU competition.**

In part 2 of this report, there is confirmation that reducing the land receipt by the amount proposed would not have changed scoring of the tenders, i.e. the same tenderer would have been successful.

#### **3. Equality comments**

Those with protected characteristics are more likely to be in housing need, and this scheme will produce 457 homes, of which 179 will be affordable homes. People with disabilities will benefit since the planning consent requires that 10% of all the homes are capable of being converted to wheelchair standard.

#### **4. Other considerations**

To implement the recommended change there would need to be a deed of variation to the existing building lease for Newington Butts.

This disposal was completed with a deferred purchase arrangement, i.e. most of the GLAP receipt is due on completion. That means that GLAP can reduce the remaining land receipt by £150,000, which is the amount the developer has to pay to L.B. Southwark.

#### **5. Finance comments**

See part 2 of the Decision

#### **6. Legal comments**

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.

Sections 1 – 5 of this report indicate that the Director by virtue of the scheme of delegation has the power to agree to the Decision set out above.

**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:**

Mick Breheny has drafted this report in accordance with GLA procedures and confirms that:

✓

**Assistant Director/Head of Service:**

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

✓

**Financial and Legal advice:**

The Finance and Legal teams have commented on this proposal, and this decision reflects their comments.

✓

**Corporate Investment Board:**

The Corporate Investment Board reviewed this proposal on 7 November 2016.

**EXECUTIVE DIRECTOR, RESOURCES:**

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

**Signature**

*M. J. Breheny*

**Date**

*16.11.16*