

GREATERLONDONAUTHORITY

REQUEST FOR MAYORAL DECISION – MD2338

Title: Royal Docks Enterprise Zone Delivery Plan

Executive Summary:

The Royal Docks Enterprise Zone (EZ) Delivery Plan proposes an investment of £314.3m for the five-year delivery period from 2018/19 to 2022/23 to transform the Royal Docks and accelerate the delivery of commercial space within the EZ. This consists of £255.2m capital and £59.1m revenue, and will support transport infrastructure, connectivity, economic development, placemaking, estate management and creative projects.

The business rates retained within the EZ from the commercial space will fund expenditure, but this is not generated quickly enough to fund the delivery plan. It will therefore be necessary for the GLA to forward fund through prudential borrowing as required. This will be repaid from business rates generated over the life of the EZ.

This Mayoral Decision (MD) seeks approval for the Royal Docks EZ Delivery Plan with an initial expenditure approval of £212.5m (£155m capital and £57.5m revenue) to fund the individual projects as set out in Part 2 of this paper. These projects will be brought forward through delegated authority to the Executive Director of Housing and Land to approve the income and detailed spending proposals through Director Decision forms. A further MD approval to access the additional £101.8m to fund the recommendations of the Broadband Study and Overarching Place Strategy will be sought once they are completed in Autumn 2019.

Decision:

That the Mayor:

1. Approves the Royal Docks EZ Delivery Plan for the first five-year delivery period from 2018/19 to 2022/23, as endorsed by the London Economic Action Partnership (LEAP) Board, including an initial expenditure approval of £212.5m with a £155m capital and £57.5m revenue split to fund each of the individual projects as set out in Part 2 of this paper;
2. Approves forward funding of this expenditure and any associated financing costs by prudential borrowing as necessary in advance of business rates or other income;
3. Notes that a further MD approval to access the additional £101.8m capital spend will be sought at a later date, subject to the recommendations of the Broadband Study and Overarching Place Strategy;
4. Approves expenditure of £640,522 for financial year 2018/19 to fund the additional Delivery Team resource to support the initiation of project delivery as set out in Part 2 of this paper; and
5. Delegates authority to the Executive Director of Housing and Land to approve, through Director Decision forms, the detailed spending proposals for the interventions that are to be funded.

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:

13/8/18

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

Decision required – supporting report

1. Introduction and background

- 1.1 The Royal Docks Enterprise Zone (EZ), located in the London Borough of Newham, was designated in 2012 and became operational in 2013 to support local development and economic growth. The EZ starts with considerable assets, from major tenants at ExCel, City Airport, and University of East London, to major committed developments, projected to deliver over 7 million square feet of commercial space, at Royal Albert Dock, Silvertown Quays and Albert Island. The EZ structure enables any additional business rate income collected in the EZ to be retained and recycled for a period of 25 years and for the London Economic Action Partnership (LEAP, formerly the London Enterprise Panel (LEP)) to use the funds to support the further development and economic activity in the EZ.
- 1.2 The Mayor of London is a significant landowner in the area and is working closely with the London Borough of Newham (LBN) in preparing a new Opportunity Area Planning Framework for the wider Royal Docks area, which sets out proposals for accommodating up to 60,000 jobs and 25,500 new homes (of which 35,000 jobs and 4,000 new homes, are in the Enterprise Zone).
- 1.3 The previous London LEP considered and approved a paper in March 2016, setting out the background to the creation of the EZ and key recommendations relating to the collection, allocation, funding, delivery and governance in respect of the EZ business rate income. This included the principle that there will be a 'first call' on the business rate income to pay for essential infrastructure and regeneration schemes identified in the 'Royal Docks: Unlocked, 2037 Economic Vision' up to the value of £380m.
- 1.4 To maximize the regeneration potential and to provide a more co-ordinated and focused management of the Royal Docks EZ, a total expenditure of £3.5m for the financial years 2017-2019 was approved under MD2049 in February 2017 to: fund the establishment of the Royal Docks Delivery Team (the Delivery Team); enable the preparation of the five-year detailed delivery plan (the Delivery Plan) and funding strategy; and implement a package of early delivery projects and initiatives. It was agreed that the Delivery Team would appoint a multidisciplinary consultant team to prepare the five-year Delivery Plan which, once completed, would be presented for agreement to LEAP by the EZ Programme Board.
- 1.5 The Delivery Team has been working with a multi-disciplinary consultancy team (AECOM, Cushman & Wakefield and Futurecity) over the last 10 months on the preparation of this five-year detailed Delivery Plan to help accelerate economic and housing growth. The Delivery Plan proposes an integrated and catalytic package of transport infrastructure, connectivity, economic development, placemaking, estate management and creative programming projects that will deliver the cohesive transformation of the Royal Docks and accelerate the delivery of EZ commercial space.
- 1.6 Cushman & Wakefield (C&W), as sub-consultants to AECOM, prepared the Business Rates Income Growth Report and based on the current development trajectory, the most optimistic High Scenario business rates income forecast is estimated to be £950.3m over the life of the EZ. C&W have tabled a further three income scenarios as requested by GLA Finance which are detailed in Part 2 of this paper.

2. Objectives and expected outcomes

Royal Docks Enterprise Zone Delivery Plan

- 2.1 Since September 2017, the Delivery Plan has been prepared and developed in three main stages. The EZ Programme Board has played a vital role in the approach to and development of the Delivery Plan with Board members being engaged at each of the following key stages of the commission:
- 2.2 *Project Mobilisation:* The consultant team presented their approach and detailed methodology at the EZ Programme Board meeting in September 2017 providing the opportunity for the Board to question and shape the approach.
- 2.3 *Stage 1 Options Report:* The initial stage of development required the team to define a set of working parameters and to establish a set of strategic objectives. This was undertaken alongside a programme of engagement with development partners, stakeholders and local community groups. Under each strategic objective, a package of priority projects was chosen based upon both existing proposals, as well as newly developed proposals.
- 2.4 The Delivery Team then presented the findings of the Options Report to the November 2017 Board meeting which recommended a range of interventions and packages. The Board were asked to approve the preferred package to take forward to stage 2. However, the Board requested that further thought be given to ensure that cumulatively, the individual interventions were of sufficient scale and ambition to maximise the potential of the Enterprise Zone. It also requested that more work be done to develop the proposition around creating a strong local economy 'business ecosystem' underpinned by an understanding in the demand for commercial space in the area.
- 2.5 *Stage 2 Draft Strategy and Cost Review:* The Delivery Team worked with the consultant team to address these points which were reflected in the Draft Strategy and Cost Review Report for the Board to review at the January 2018 meeting. This allowed the Board to make a more informed decision as to what interventions should be taken forward and scoped in more detail for inclusion in the final Delivery Plan. In addition, a draft 20-year cashflow was produced which provided an overview of the forecast income and expenditure and therefore the potential funding requirement of the Delivery Plan.
- 2.6 The detailed scoping and implementation planning for each of the stage 1 shortlisted projects included the production of Project Initiation Documents (PIDs). These PIDs will enable the Delivery Team to hit the ground running once the final Plan has been approved, having set out the scope, programme, risks, and requirements for resources, budget, engagement, governance and procurement. The PID development has also given the Delivery Plan refined expenditure forecasts and allowed a refined funding strategy to be developed to accompany the Plan.
- 2.7 *Stage 3 Final Delivery Plan Report:* The EZ Programme Board and Royal Docks Advisory Board were asked to review the final working draft of the Delivery Plan at the June 2018 Board meetings. The EZ Programme Board recommended the Delivery Plan to the LEAP, which was considered and approved at the 27th June 2018 Board meeting (Appendix 1).
- 2.8 The Delivery Plan has now been finalised (Part 2 Appendix 1) along with an evaluation and monitoring framework which will enable the EZ Programme Board and the LEAP Board to monitor progress of the Delivery Teams implementation of the Delivery Plan and evaluate its impact.
- 2.9 A Strategic Outline Business Case prepared by Cushman & Wakefield (Part 2 Appendix 2) will accompany the final Delivery Plan to support the cost benefit assessment of the preferred delivery option in relation to maximising beneficial outcomes for the London Borough of Newham, London and the UK economy.
- 2.10 It is recommended that the Delivery Plan for the allocation of the retained business rates and associated expenditure be prepared by the Delivery Team and presented for agreement to the LEAP by the EZ Programme Board at five-year intervals.

- 2.11 A spatial framework underpins the Delivery Plan strategy and ensures the Delivery Team concentrates investment in the areas that will deliver maximum long-term value for the EZ and wider area. This includes:
- 2.12 *Unlocking Development:* A priority for the Delivery Team will be to enable the successful delivery of the key development sites across the EZ. The sites at Royal Albert Dock, Albert Island and Silvertown Quays represent considerable private sector investment in the Royal Docks (delivering investment of £5bn through 7m square feet of commercial floor space) and will need to be supported by a co-ordinated and comprehensive package of public investment in promotion, place-making, transport infrastructure and activation to help bring them to life.
- 2.13 *Maximising Key Gateways:* Another priority for the Delivery Team will be to capitalise on the unique circumstances and assets that we have in the Royal Docks to drive transformation. Three strategically important locations at Custom House Interchange (Elizabeth Line), London City Airport and Royal Victoria Dock have been identified as important gateways to the Royal Docks. These will be a priority for intervention within the Delivery Plan period with investment focused on enhancing the overall environment, offer and user experience.
- 2.14 *Connecting Corridors and Communities:* Whilst the Royal Docks is well served in terms of transport infrastructure with excellent road, rail and air links - the public realm offers very poor permeability (in terms of walking and cycling) across the different sites in the Royal Docks. Significant investment is required to ensure proper linkages and safe and attractive routes between these areas as well as enabling effective integration between existing and emerging communities. Three priority corridors have been identified for investment and improvement within the Delivery Plan period. These are Custom House to North Woolwich Road, Northern Dock Edge and North Woolwich Road to Canning Town.

Strategic Objectives

- 2.15 In addition to the spatial framework, five cross-cutting strategic objectives have been identified, to help drive and deliver the Royal Docks cohesive transformation and ensure it remains a place delivering long-term economic and social value. Outlined below are the key interventions that will be delivered through the five-year Delivery Plan:
- *Place:* Transforming the Royal Docks into a modern 'Great Estate' for London, investing in spaces for people and improving the public realm in a way that reflects the area's unique landscape and heritage;
 - *Connectivity:* Boosting capacity and connectivity to support movement to and through the Royal Docks, making it one of the most accessible places in London to do business and get around as well as providing improved digital connectivity;
 - *Economy:* Supporting the growth of a fully diverse and competitive economy and strengthening the area's reputation as an international centre for innovation, enterprise and trade;
 - *Activation:* Establishing the Royal Docks as an outstanding place to live, work and visit, by nurturing local creative talent, enhancing cultural facilities, and curating a world-class programme of events and activations to help put the area on the map; and
 - *Promotion:* Helping to re-establish the Royal Docks as a globally significant London centre – utilising distinctive marketing campaigns and inward investment to draw businesses, people and visitors into the area.

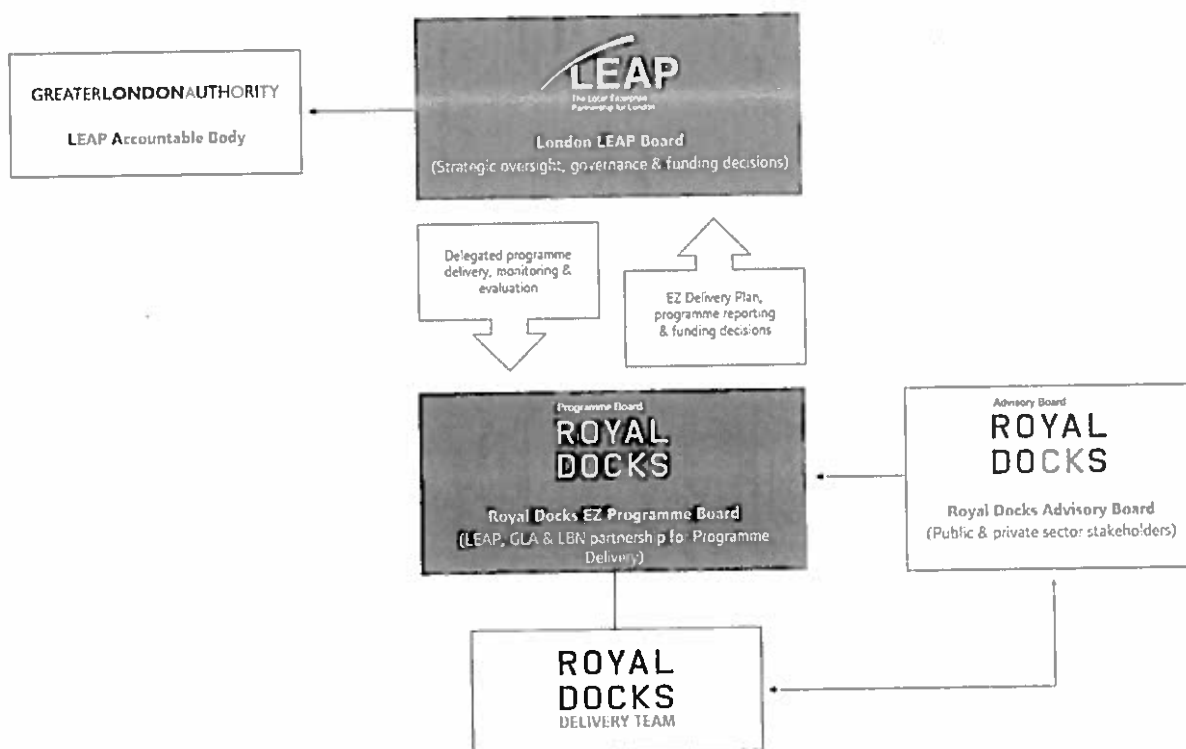
Project Approval

- 2.16 The Delivery Plan is focused on a five-year delivery period from 2018/19 to 2022/23 with a total estimated expenditure over that period of £314.3m. This consists of a £255.2m capital and £59.1m revenue split. It is important however to note that part of the early deliverables of the Delivery Plan include feasibility work through the Broadband Study and Overarching Place Strategy which will determine the potential longer-term expenditure required to realise those objectives. For this reason, the Delivery Team are only now seeking an initial expenditure approval of £212.5m with a £155m capital and £57.5m revenue split to commence the Delivery Plan implementation, followed by a further MD approval later in the delivery plan period to access the additional £101.8m (following the results of that feasibility work).
- 2.17 Following approval of the Delivery Plan, capital and revenue expenditure on key projects will be necessary in advance of sufficient business rate income being generated to pay for such expenditure. Therefore, an early funding mechanism is required through prudential borrowing to forward fund the cash flow and kick start the regeneration cycle. This will be repaid from business rates generated over the life of the EZ. The Delivery Team are working with the Finance team to address this requirement.
- 2.18 It is recommended that the Mayor delegates authority to the Executive Director of Housing and Land, to approve through Director Decision (DD) forms, the income and detailed spending proposals for each project that is to be funded within the initial £212.5m expenditure budget envelope.
- 2.19 The DD forms for each project will be brought forward under the five Delivery Plan strategic objectives of Place, Connectivity, Economy, Activation and Promotion with an additional approval for corporate and resourcing costs. Each project will accompany a detailed Project Initiation Document (PID), which will define the key aspects of project delivery and will form the basis for its management and the assessment of overall success. The PIDs will set out the scope, outputs, programme, risks, requirements for resources, budget, stakeholder engagement, governance and procurement methods for each project. The DDs will approve project spends within the five-year delivery plan period from 2018/19 to 2022/23. A breakdown of project expenditure by strategic objectives is set out in Part 2 of this paper.
- 2.20 Following this approval, the Delivery Team will commence scoping the procurement approaches for the feasibility and strategy work and full due diligence for each of the proposed projects to ensure that funding is properly awarded and that they comply with the GLA's equality policy, State Aid rules and represents value for money. This will be done in conjunction with TfL Procurement as per the GLA Contracts and Funding Code. This scoping work will be reflected in the individual project level DD approval forms.
- 2.21 This due diligence will be supported by TfL Legal (with external appointments if needed), who will review legal considerations within the relevant projects as required to ensure their integrity and validity. Considerable work will also be carried out by teams within Housing & Land and Finance.
- 2.22 In some instances, it will be appropriate, following due diligence, for amendments or changes to be made to the proposed projects and budget movements between strategic objectives as framed within Part 2 of this paper. Under delegated authority, the Executive Director of Housing and Land will be able to approve such matters through a DD approval. Funding agreements will also need to be structured to allow flexibility within the agreed interventions to allow re-profiling across the available funding and outputs to occur, providing the overarching funding envelope agreed through this MD is not exceeded. An increase in budget requirement beyond the agreed envelope within this approval would trigger a revised MD to approve it.
- 2.23 A biennial review will be carried out of the Delivery Plan with the first one taking place in Autumn 2020. This will form part of the mid-point evaluation of the Delivery Plan projects. There will be an option for the EZ Programme Board to recommend the deferral or reduction of certain project expenditure based on a financial assessment of income forecasts, development progress and impacts

achieved. A recommended deferral or reduction by the Board of project expenditure under any of the strategic objectives would trigger a revised MD to approve it.

EZ Governance

- 2.24 As the Local Enterprise Partnership for London, the LEAP Board has strategic oversight of the EZ and is responsible for the setting and delivery of the EZ economic priorities and for the allocation of the retained business rate uplift income. The GLA as the accountable body to the LEAP and LBN agreed to establish an EZ Programme Board as a Subordinate Body of the LEAP in order to provide oversight, ensure programme delivery in the EZ and to report on progress to the LEAP. Separately, a Royal Docks Advisory Board has been established as a joint public/private partnership forum for the LEAP, GLA and LBN to formally engage and to update key stakeholders on activities being undertaken within the Royal Docks EZ.
- 2.25 These governance arrangements ensure that the LEAP Board and the EZ Programme Board will make the recommendation for approval of the Delivery Plan, which will be presented to the LEAP every five years, with final approval taking the form of a Mayoral Decision. As the plan is implemented, the Delivery Team will provide regular updates to the EZ Programme Board, Royal Docks Advisory Board and the LEAP Board. Once the Delivery Plan is approved, the Delivery Team will seek financial approvals via the GLA's existing processes. As the accountable body for the LEAP, the GLA will be responsible for approving all expenditure in the Delivery Plan, subject to its existing delegation's policy.
- 2.26 Governance Structure:



Evaluation and Monitoring

- 2.27 The purpose of the Evaluation and Monitoring Framework is to enable the EZ Programme Board and the LEAP Board to monitor progress of the Delivery Teams implementation of the Delivery Plan and evaluate its spatial, economic and social impacts over the next five years. In order to ensure that these benefits are being met, systematic and regular monitoring of baseline data and evaluation has to be planned for during the early stages of delivery.

2.28 The main components of monitoring delivery will be to demonstrate progress against the programme, milestones and resources, including:

- Monitoring of the planned capital and revenue investment;
- Monitoring of the programme/schedule;
- Monitoring key outputs and milestones;
- Review of risks and mitigation; and
- Annual or biennial spending reviews.

2.29 The second element is the evaluation of outcomes and impacts. Evaluating the impact of the Delivery Plan schemes against the original objectives offers practical insights for the Delivery Team that can inform work with local communities and stakeholders, planning and management of projects; as well as reporting on the interventions that have delivered the spatial, economic and social values to inform the preparation of the next five-year Delivery Plan. It is envisaged that a plan wide independent formative evaluation will be undertaken at the end of year 2 of project delivery and a summative evaluation at the end of year 4. Formative evaluation of projects will focus on providing information on how to improve or refine a developing or ongoing project, including a spending review, whereas summative evaluation will focus on the overall quality and impact of the Delivery Plan for the purposes of accountability and planning for future interventions.

2.30 The projects in the Delivery Plan should make a significant contribution towards the following:

- *Spatial:* Transforming the Royal Docks into a modern ‘Great Estate’ for London presents opportunities to break down existing patterns of severance and create a better connected, accessible and permeable place by investing in spaces for people and improving the public realm in a way that reflects the area’s unique landscape and heritage;
- *Economic:* The Royal Docks EZ will make a significant boost to London’s productivity and contribute to the capital’s continued economic growth. The EZ is scheduled to deliver over 35,000 jobs and £5 billion of gross development value. The planned investment is intended to grow a business eco-system and ensure that the Royal Docks supports highly-skilled, highly-productive jobs and boost income levels for Newnham residents and Londoners; and
- *Social:* Regeneration of the Royal Docks must deliver benefits to existing local communities. Development will help to improve local opportunities for jobs, training and promote better access to arts, heritage, sports and leisure programmes. Investment will promote social cohesion and make a considerable contribution towards meeting Newnham’s convergence objectives.

Spatial	Economic	Social
<ul style="list-style-type: none"> • Improving accessibility, connectivity and permeability • Creating high quality public spaces which are safe, welcoming and inclusive • Improving digital infrastructure and boosting energy capacity • Long term asset and water stewardship 	<ul style="list-style-type: none"> • Supporting the growth of London’s economy • Growing a balanced business eco-system • Creating affordable workspace for SMEs • Promoting inward investment and support for businesses 	<ul style="list-style-type: none"> • Creating employment, training and skills opportunities for local people • Connecting and engaging with local communities • Promoting social cohesion through access to open spaces and activation • Improving local people’s prosperity and quality of life

3. Equality comments

3.1 Under Section 149 of the Equality Act 2010, as a public authority, the GLA must have ‘due regard’ of the need to:

- eliminate unlawful discrimination, harassment and victimisation; and
- advance equality of opportunity and foster good relations between people who have a protected characteristic and those who do not.

3.1 The Delivery Plan is aimed at implementing a number of the Mayor's policies such as the draft London Plan, A City for All Londoners, Healthy Streets Approach, draft Culture Strategy, London Housing Strategy, Transport Strategy etc. The consultant team (AECOM, Cushman & Wakefield and Futurecity) aligned the Delivery Plan with these Mayoral priorities and the Mayor's Equalities Framework to consider the requirements of relevant equalities groups. Further equality impact considerations and mitigations will be built into the individual projects as they move forward for implementation and procurement. Quality impact assessments will be undertaken to ensure the relevant characteristics of the Equality Act 2010 are considered by the Delivery Team. Impact assessments will determine whether any persons with those characteristics will be unduly impacted by the activities described in the Delivery Plan, and the course of action in order to mitigate any impacts.

3.2 All recruitment will fully comply with the Equality Act 2010 and fulfil the requirements of the Public Sector Equality Duty as set out in the section 149(1) of the Equality Act 2010.

4. Other considerations

Links to Mayoral Strategies and Priorities

- 4.1 The overall objective of this approval is to accelerate and maximise the regeneration of the EZ and wider Royal Docks Opportunity Area, for which a planning framework (OAPF) is currently in draft form. The OAPF sets out the capacity for maximised land use and growth, in accordance with the draft London Plan and A City for All Londoners, and the projects outlined in this MD are expected to support and intensify the objectives of the OAPF. The five strategic objectives of Place, Connected, Economy, Activation and Promotion in the Delivery Plan set out a framework for development in economic, environmental, transport and social infrastructure in the Royal Docks. This will in turn unlock housing opportunities and accelerate housing delivery on the surrounding development sites.
- 4.2 The Royal Docks Good Growth Fund will support the delivery of significant and catalytic projects which will be rolled-out as a targeted area programme under the GLA's London-wide Good Growth Fund, and therefore shares the strategic Mayoral priority themes (Empowering People, Making Better Places and Growing Prosperity) and support actions, e.g., develop civic infrastructure, back small business, secure and create workspace, drive innovation, build skills and employability, delivery community-led regeneration, enhance public space, and share cultures.
- 4.3 The Placemaking and public realm projects in the Delivery Plan fit with the Mayor's Healthy Streets approach. The environment for pedestrian and cyclists is presently poor – reflecting the industrial uses still in existence in the area. There is a significant opportunity to rectify this through well designed streetscape and public realm improvements that encourages walking, cycling and better public spaces for people to interact. Focused investment throughout North Woolwich Road and transformation of the dock edge will improve the local environment and user experience across the Royal Docks.
- 4.4 The Activation and events projects in the Delivery Plan strongly align with the Mayor's draft Culture Strategy. Activation is critical to the success of the development of the Royal Docks and will be used to bring the Royal Docks to life through social integration, culture and heritage, sports and leisure, food and beverage, retail, public realm and events programming. The Royal Docks presents a unique opportunity to establish a new, distinctive, world-class cultural destination in London, where culture is woven across 260 hectares of land and water. The cultural and events programming in the Royal Docks will play a significant part in bringing people of all backgrounds together. Cultural activities will be used as a platform to strengthen diversity and creating opportunities to tighten the bonds

between different ethnic groups. Significant investment in the Delivery Plan will be planned to ensure community engagement through cultural, educational and social programmes.

- 4.5 Detailed outputs in the form of Key Performance Indicators are set out in the Evaluation and Monitoring section of the Delivery Plan to ensure the projects meet the Mayor's objectives. The Employment and Skills projects will help to reduce the employment rate and qualifications gap between the 'Growth Boroughs' and the London average, and improve the social and economic chances of residents of the London Borough of Newham and the surrounding areas. The Delivery Plan projects will identify and secure the resources to deliver priority infrastructure and interventions that will enhance the jobs and wider opportunities available to local residents and Londoners. It will also boost access to new business, cultural, educational and community facilities.

Impact Assessments and Consultations

- 4.6 The Delivery Plan includes a Strategic Outline Business Case to support the cost benefit assessment of the preferred delivery option in relation to maximising beneficial outcomes for the London Borough of Newham, London and the UK economy (Part 2 Appendix 2). It is not considered that any further impact assessment is required for this specific decision.
- 4.7 The EZ delivery proposals have been developed jointly with LBN and in consultation with officers in the GLA's Housing and Land Strategic Projects and Property, Finance, Regeneration, Economic and Business Policy Unit (EBPU), Estates, Communications and Marketing, Culture and the LEAP Secretariat teams. The GLA Human Resources team have been consulted with in the development of Job Descriptions for the additional Delivery Team needs which will comply with the GLA competencies framework. It is not considered that any further consultation in respect of this specific decision is required.

Key Risks and Issues

- 4.8 Further information is available in Part 2 of this paper.

5. Financial comments

- 5.1 The rationale for the EZ delivery model is that the business rates generated and retained within the zone over its life will at least be sufficient to fund the necessary infrastructure and operational costs and may also generate a surplus. However, borrowing is required to forward fund expenditure in advance of these rates coming on stream. These proposals are based on this mechanism. The proposed initial expenditure of £212.5m in this decision includes assumed funding of £98.4m from sources other than business rates, including £13.7m from a bid to the GLA's Strategic Investment Fund and £67.7m from a bid to MHCLG's Housing Infrastructure Fund, both of which would be the subject of additional Mayoral approvals. However, even if these bids are successful, it is estimated that there would still not be sufficient business rates in the early years to fund the proposals and the GLA as accountable body for the Royal Docks EZ would need to forward fund from borrowing.
- 5.2 The GLA can only borrow for plans that are affordable, prudent and sustainable and so assurance has been sought from Cushman & Wakefield on the level of confidence in its forecasts of business rates. Although they estimate that up to £950m could potentially be generated, there is a risk that commercial development does not proceed quickly enough, and a significantly lower amount is achieved by 2038. However, there is an indicative 'Very High/High' confidence of achieving business rates income of £340m. The cashflows in this scenario have been modelled and it is estimated that this could require borrowing in the region of £100m with financing costs of approximately £20m. However, this level of rates would be sufficient to ensure GLA debt was repaid in full and there is sufficient confidence to approve the initial expenditure requirement of £212.5m.
- 5.3 The Royal Docks EZ falls entirely within the London Borough of Newham who are responsible for collecting the business rates and passing this to the GLA. It is estimated that a total of £4.1m will

have been generated by the end of March 2019 over and above the original baseline in 2013. There will need to be ongoing close monitoring of commitments against the amounts being collected so that there are opportunities to reduce expenditure if necessary. Any borrowing and its financing will be optimised at the time it is required using updated projections of expenditure and income. No additional increase in the GLA's borrowing limit is envisaged from these proposals.

5.4 Additional comments are included in Part 2 of this paper.

6. Legal comments

6.1 Sections 1 to 4 of this report indicate that the decisions requested of the Mayor concern the exercise of the GLA's general powers, falling 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, social development or the promotion of the improvement of the environment, in Greater London.

6.2 In implementing the proposals in respect of which a decision is sought, officers should comply 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, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom; and
- consult with appropriate bodies.

6.3 In taking the decisions requested, the Mayor must have due regard to the Public Sector Equality Duty under section 149 of the Equality Act 2010, namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010, to advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, gender, religion or belief, sexual orientation) and to foster good relations between persons who share a relevant protected characteristic and persons who do not share it. To this end, the Mayor should have particular regard to section 3 (above) of this report.

6.4 Part 2 of this report indicate that the GLA intends to procure goods and services. Section 9 of the GLA Contracts and Funding Code requires the GLA to engage with TfL procurement and seek a call-off from a suitable framework where possible or, if not, undertake a formal tender process to procure such goods and/or services in relation to all contracts for goods and/or services with a value above £10,000 before the commencement of the supplies and/or services.

6.5 Part 2 of this report indicate that part of the sought budget will amount 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 equality policy, State Aid rules and in manner which affords value for money in accordance with the GLA Contracts and Funding Code. Officers must ensure that an appropriate funding agreement is put in place and executed by the GLA and the recipient before any commitment to funding is made.

6.6 Part 2 of this report indicate that the GLA anticipates using the sought budget to create new posts within the GLA. Officers should liaise with HR to ensure compliance with Part E of the Contracts and Funding Code.

7. Planned delivery approach and next steps

Activity	Timeline
Mayoral Decision	August 2018

Initiate Additional Recruitment	September 2018
Delivery Start Date	September 2018
Delivery End Date	March 2023

Appendices and supporting papers:

Appendix 1 – LEAP paper dated 27th June 2018

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:

Shelim Shakir 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:

James Murray has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

Corporate Investment Board

This decision was agreed by the Corporate Investment Board on 13 August 2018.

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

M. D. Elce

Date

13.8.18

CHIEF OF STAFF:

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

Signature

D. Bellamy

Date

13/8/2018