

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD2825

### Title: Expressway Redevelopment – Extension Site

#### Executive summary:

GLA Land and Property Limited (GLAP) is freeholder of a small site in the Royal Docks adjacent to a business centre called "Expressway". This latter area is let to Waterfront Studios Properties LLP (WSP) by Royal Docks Management Authority (RoDMA) as it is part of the demise subject to the long lease (225 years) to RoDMA, to which GLAP is landlord. WSP is proposing to redevelop the adjacent GLAP site into a commercial building that will function as an extension of Expressway. This new development will maximise regeneration in the area, bringing new businesses and amenities to the Royal Docks. For the purposes of this decision form, this site is called the Extension Site.

It is proposed that GLAP facilitate the redevelopment of the Extension Site by granting an Agreement for Lease with RoDMA to WSP. The Agreement for Lease will set out the terms for GLAP and RoDMA to dispose, by way of long lease, the Extension Site to WSP once a series of preconditions to the lease have been met. This approval will therefore cover both the Agreement for Lease and eventual disposal of the Extension Site.

#### Decision:

That the Mayor approves:

- 1) entry by GLAP into an Agreement for Lease for the Extension Site with WSP and RoDMA materially on the terms set out in this Mayoral Decision, and any other ancillary documentation required to facilitate this agreement
- 2) that GLAP may dispose, by way of a 125-year lease, of the Extension Site to WSP, with RoDMA, upon fulfilment of the preconditions specified in this Mayoral Decision, provided that no material changes to the Agreement for Lease are made in the intervening period.

#### 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:

25/11/24

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

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

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

- 1.1 Expressway is a business centre located in the Royal Docks in the London Borough of Newham (LB Newham). The majority of Expressway resides underneath the Silvertown Flyover, and provides workspace for a mixture of small and medium-sized enterprises (SMEs) and light industrial tenants. The freehold of the land beneath the flyover is owned by LB Newham; however, a small adjacent site that fronts onto the dock (the Extension Site) is under GLAP freehold ownership. The ownership is made up of two parts. GLAP has a direct lease, with WSP, over the small area identified on the plan at Appendix 1, under a lease entered into in 2019 to facilitate additional access requirements. The larger part of the Extension Site, as identified as the area outlined red on the plan at Appendix 2, is made up as follows:
- freehold: GLAP
  - long leasehold: RoDMA
  - underlease from RoDMA: WSP
  - occupation lease: restaurant (see the area outlined in red at Appendix 3)
  - GLAP lease for land at Appendix 1: WSP (to be surrendered and regranted under this agreement).
- 1.2 In 2018, WSP was acquired by a workspace developer and operator, named General Projects. The acquisition included the leaseholds for both the land beneath the flyover and the Extension Site. Since its acquisition, General Projects has, via WSP, gradually refurbished the workspace beneath the flyover whilst maintaining tenants in situ. In 2019, WSP approached the GLA regarding a proposal for comprehensive redevelopment of the Extension Site.
- 1.3 The proposal is an ambitious multi-storey commercial building that will bring new businesses to the area and provide further activity around the dock edge, with a potential new food hall. The proposals are aligned with the Royal Docks regeneration programme and seek to build on an existing community of small businesses in the area. The leases between GLAP and RoDMA limit the use of land within RoDMA's control so that it cannot be developed. This limitation on use is reflected in the lease from RoDMA to WSP.
- 1.4 The proposal is for GLAP and RoDMA to jointly agree to surrender existing leases and grant a new lease to WSP for the Extension Site that will allow for its redevelopment. This proposal will require a surrender of the existing lease between RoDMA and WSP and the separate, smaller lease between GLAP and WSP; and the granting of a new lease covering both areas following satisfaction of a number of conditions in the proposed agreement for lease. The new lease will be a tripartite arrangement where both GLAP and RoDMA will take a proportion of the ground rent from the Extension Site.
- 1.5 Upon completion of the Agreement for Lease, WSP will then engage with the Local Planning Authority with proposals for redeveloping the site.

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

##### Regeneration uplift

- 2.1. The Royal Docks, London's only Enterprise Zone, is undergoing significant transformation as ex-industrial sites are redeveloped to accommodate homes and new commercial uses. The redevelopment of the Extension Site will boost economic activity in the area, bringing new jobs and amenities.
- 2.2. The Agreement for Lease structure will allow GLAP, as landlord, to sign off the proposal of the redevelopment before the lease is granted. This ensures that the overall design and quality of the redevelopment are satisfactory. Due to the prominent location of the Extension Site, adjacent to The Crystal (soon to be City Hall), the architectural design should be exemplary and a positive contribution to the area. The new building on the Extension Site will also provide a fixed proportion of affordable workspace. This was agreed between WSP and the GLA to ensure that young businesses can be retained in the area for the duration of the lease.

#### Commercial uplift

- 2.3. The redevelopment will provide additional rental income for both GLAP and RoDMA. RoDMA is a non-profit organisation that relies on a steady income stream to maintain the water areas and activities in the Royal Docks. All residual income is invested by RoDMA into the water areas within the Royal Docks, subject to GLAP being entitled to receive 50 per cent of RoDMA income each year.

### **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
  - advance equality of opportunity, and foster good relations, between people who have a protected characteristics in respect to racial background, disability, age, religious beliefs or gender, and those who do not.
- 3.2. LB Newham is one of the most disadvantaged boroughs in London, and one of the most diverse in terms of faith and ethnicity. It is paramount to communicate what is happening across the Royal Docks effectively, considering the substantial investment to regenerate the area for the benefit of all communities. The new development on the Extension Site will have public uses at ground floor adjacent to the public footpath around the dock. Public uses within the building should be fully accessible in their design.
- 3.3. The new development on the Extension Site will also allow the Expressway Business Centre to expand its programme of community and business engagement, supporting LB Newham's Community Wealth Building agenda.

### **4. Other considerations**

- 4.1. The area is undergoing significant transformation and regeneration as a number of ex-industrial sites are redeveloped to accommodate housing and new commercial uses. In addition, the Royal Docks Team (RDT) was established to deliver a multidisciplinary programme covering a range of activity from public-realm improvement and utilities to cultural events. Economy is a key strand of the regeneration programme, and an 'Economic Purpose' proposes how the RDT might encourage economic activity. Key to this is the formation of distinctive clusters of spaces that offer companies the opportunity to stay and grow within the Royal Docks. The spread of offer – location, type, price, scale and sector – aligns with the broader ambitions for the Royal Docks and should be coordinated between providers to maximise collaboration and minimise competition. The Extension Site proposal aligns with the Economic Purpose as it is building on an existing small cluster of SME activity in the area where there is established demand.

- 4.2. The proposal for the Extension Site will maximise the use of the site, bringing more jobs and prosperity to the area which is aligned to the Mayor's Good Growth Agenda. WSP, since its purchase by General Projects, has demonstrated a good track record in delivering innovative programmes that support the Mayor of Newham's Community Wealth Building agenda. This has included the Expressway Youth Incubator, an opportunity for people aged 18-30 and living within LB Newham, to start a business and to do so for free of charge from Expressway. On a rolling six-month basis, 17 young people are given free membership to the building. This is complimented by mentoring from SME business founders also working at Expressway, and skills workshops supporting the young entrepreneurs in advancing their ambitions through developing necessary skills.

#### Risks

- 4.3. Careful coordination will be required when construction of the development commences. This is due to the popular use of the surrounding public realm by local residents and its close proximity to the new City Hall in Royal Victoria Dock. Further risks are set out in Part 2 of this decision form.

#### Conflicts of interest

- 4.4. There are no conflicts of interest to note for any of the officers involved in the drafting or clearance of this decision form.

### **5. Financial comments**

- 5.1. The decision is seeking approval for the surrender of a lease between GLAP and WSP for the Extension Site. Approval is also being sought for GLAP jointly with RoDMA to enter into a new lease agreement with WSP for a comprehensive redevelopment of the sites, which will boost economic activities in the area. Detailed financial commentary is included in Part 2.

### **6. Legal comments**

- 6.1. Section 30 of the Greater London Authority Act 1999 (as amended) (GLA Act) gives the Mayor a general power to do anything that he considers will further one or more of the principal purposes of the GLA as set out in section 30(2), which are:

- promoting economic development and wealth creation in Greater London
- promoting social development in Greater London
- promoting the improvement of the environment in Greater London.

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
- consult with appropriate bodies.

- 6.2. Sections 1-3 of this report indicate that the decision requested of the Mayor falls within the GLA's statutory powers.

## 7. Planned delivery approach and next steps

| Activity  | Timeline   |
|---|--|
| Mayoral Decision                                    | November 2021                                    |
| Complete Agreement for Lease                        | November 2021                                    |
| Expressway to obtain planning permission            | June 2022  |
| GLAP to dispose and grant lease                     | June 2022 (subject to meeting all preconditions) |
| Practical completion and occupation of the building | 2024-25  |

### Appendices and supporting papers:

Appendix 1 – Plan of small area directly leased to WSP

Appendix 2 – Plan of larger part of Extension site

Appendix 3 – Plan of occupation lease

**Public access to information**

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) 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 it has been approved or on the defer date.

**Part 1 - Deferral**

**Is the publication of Part 1 of this approval to be deferred? NO**

**Part 2 – Sensitive information**

Only the facts or advice that would be exempt from disclosure under the FoIA should be included 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:**

Bethan James has drafted this report in accordance with GLA procedures and confirms the following:

✓

**Sponsoring Director:**

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

✓

**Mayoral Adviser:**

Tom Copley 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 25 October 2021

**EXECUTIVE DIRECTOR, RESOURCES:**

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

**Signature:**



**Date:**

18/11/21

**CHIEF OF STAFF:**

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

**Signature:**



**Date:**

22/11/21