

Subject: Transfer of assets, rights and liabilities to London Legacy Development Corporation
Agenda item: 10
Report No: 7
Meeting date: 02/04/2012
Report to: Board
Report of/by: Jonathan Dutton, Executive Director of Finance and Corporate Services

FOR INFORMATION

This report will be considered in public

1. PURPOSE

- 1.1. To inform the Board about the property, rights and liabilities expected to have been transferred, by the Department for Communities and Local Government (DCLG), to the London Legacy Development Corporation.

2. RECOMMENDATIONS

- 2.1 The Board is invited to **NOTE** the content of this report.

3. SUMMARY

- 3.1. Government proposes using statutory 'transfer schemes' have been used to transfer to London Legacy Development Corporation:
- All property, rights and liabilities belonging to the Olympic Park Legacy Company (OPLC)
 - Such property, rights and liabilities belonging to the London Thames Gateway Development Corporation (LTGDC) as fall within the Mayoral Development Area (the Development Corporation's area of operation)
- 3.2. The transfers are expected to come into effect on 1 April, following consultation with the Mayor of London and transferring bodies.
- 3.3. Further transfer schemes will be put in place to transfer property, rights and liabilities relating to planning functions (from ODA and LTGDC) on 1 October.

4. BACKGROUND

- 4.1 The Development Corporation has been established under the provisions of the Localism Act 2011. The Act also provides for the use of transfer schemes to transfer to an MDC the property, rights and liabilities of other specified public sector bodies. Transfer schemes are commonly used in public sector transfers, and enable a straightforward transfer of contracts etc, without the need for lengthy negotiations

with third parties. Schemes can also include property, rights and liabilities that arise after the scheme was made.

- 4.2 Officials from OPLC and LTGDC have worked with the DCLG to prepare schedules of items to be transferred to the Development Corporation. These schedules have been indicative in the case of OPLC (as the transfer will encompass all property, rights and liabilities) and specific in the case of LTGDC.
- 4.3 Outside the Mayoral Development Area, LTGDC property, rights and liabilities are being transferred to GLA.

5. TIMING

- 5.1. The transfers are expected to have taken place on 1 April.

6. SCOPE OF TRANSFERS

- 6.1. The transfers from OPLC are expected to include:
 - Land in the Olympic Park, and at Sugar House Lane, comprising circa 108 hectares;
 - Contracts with suppliers, legal agreements, licences, warranties and memorandums of understanding;
 - Furniture and office equipment
 - Employment contracts for 92 employees (see below)
 - Associated data and records.
- 6.2. The transfers from LTGDC are expected to comprise:
 - Circa 1.3 hectares of land at Hackney Wick and Bromley by Bow, with associated lease agreements
 - Contracts, legal agreements and planning documentation relating to the land assets
 - Ongoing grant agreements
 - Employment contracts for two employees (see below)
 - Associated data and records

7. RESOURCE IMPLICATIONS

- 7.1. Given the comprehensive nature of OPLC transfers, these are not expected to create or remove any new risks or liabilities that were not in place for OPLC.
- 7.2. In relation to the proposed LTGDC transfers, it is estimated that the land assets could generate a small net capital surplus (in the region of £500,000-£1 million) over time. They currently generate an annual rental revenue of circa £100,000. As LTGDC is being wound down, no budget transfers with these items.
- 7.3. The proposed LTGDC transfers also include a number of grant agreements that require funding to their completion in this financial year. Development Corporation officials are in discussion with the Greater London Authority (GLA) to ensure that these liabilities can be met, including through the application of receipts from other former LTGDC projects.
- 7.4. Tax regulations have been passed to ensure that the transfers do not incur Corporation Tax, Income Tax or Stamp Duty Land Tax.

- 7.5. Staff in OPLC and LTGDC have been consulted about the transfer of their employment, in line with the provisions of the Transfer of Undertakings (Protection of Employment) Regulations 2006.

8. CONSULTATION AND COMMUNICATION

- 8.1. The Secretary of State consulted with the OPLC Chairman, the LTGDC Chairman, and the Mayor of London in advance of making the transfer schemes.

9. LEGAL IMPLICATIONS

- 9.1. The transfer schemes are expected to be made by the Secretary of State for Communities and Local Government under the provisions of sections 200 and 218 of the Localism Act 2011.
- 9.2. The schemes are expected to be formally known as London Thames Gateway Development Corporation (No. 1) Transfer Scheme 2012 and the Olympic Park Legacy Company Transfer Scheme 2012.
- 9.3. The tax order associated with the schemes is The London Legacy Development Corporation (Tax Consequences) Regulations 2012.
- 9.4. Staffing transfers are to be in line with the provisions of the Transfer of Undertakings (Protection of Employment) Regulations 2006, which provide for consultation with, and protection of terms and conditions for, transferring staff.

10. PRIORITY THEMES

- 10.1. The assets transferred from OPLC and LTGDC will support the Development Corporation's delivery of its objectives and priority themes, particularly in relation to promoting convergence and regeneration.

11. LIST OF APPENDICES TO THIS REPORT

- None

List of Background Papers

- London Thames Gateway Development Corporation (No. 1) Transfer Scheme 2012
- Olympic Park Legacy Company Transfer Scheme 2012
- The London Legacy Development Corporation (Tax Consequences) Regulations 2012

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