

## CABINET

21 September 2021

<b>Title:</b> Land Transfers to Support Delivery of Film Studios in the Borough	
<b>Report of the Cabinet Member for Regeneration and economic Development</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> Thames and Eastbrook	<b>Key Decision:</b> No
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<b>Accountable Director:</b> Ed Skeates, Director of Development, Be First	
<b>Accountable Strategic Leadership Director:</b> Claire Symonds, Managing Director	
<b>Summary</b>	
<p>The delivery of film studios in the borough is a major regeneration objective of the Council and Be First. Cabinet agreed to a long leasehold sale of the Dagenham East site and a shorter lease of the former Welbeck Steel site to Eastbrook Studios Ltd to deliver new sound stages and associated facilities. An amended planning application for the Dagenham scheme is currently being determined and, if successful, construction would commence at the end of the year.</p>	
<p>In progressing the delivery of film studios, two issues have emerged whereby transfers of small pieces of Council-owned land are needed to facilitate the developments.</p>	
<p>The first relates to the former Welbeck Steel site on River Road. The Council has provided Eastbrook Studios Ltd with a 10 year lease and ability to extend by a further 10 years. Following discussion with UK Power Networks (UKPN), in order to deliver the power supply needed for the studios, a new sub-station is required. As is standard with UKPN, they require a 99-year lease to be in place for the site before constructing a new substation (via London Power Networks PLC). This therefore requires the Council's approval. The site required is only circa 4m by 4m (see plan at Appendix 1). This would enhance the Council's asset through having additional power supply. A nominal £1 payment would be paid for the land by UKPN/LPN with a peppercorn rent but all the Council's legal costs would be covered by Eastbrook Studios Ltd.</p>	
<p>Secondly a thin strip of land lies between the public highway at Rainham Road South and the Film studio site at Dagenham East as shown in Appendix 2. This strip consists of a steep gradient and currently consists of vegetation. Given the gradient it attracts litter which is challenging to clear. Eastbrook Studios Ltd are tasked with creating a strong and active frontage to this part of the site opposite Dagenham East Station in the later phases of their development. Having the ownership of this strip will ensure they can deliver this. No premium is sought – the land has no value and the maintenance liability would move to Eastbrook Studios. Again, Eastbrook Studios Ltd would cover all the legal fees.</p>	

## **Recommendation(s)**

The Cabinet is recommended to:

- (i) Agree that the Council enters into a 99-year lease with London Power Networks PLC for the site shown in Appendix 1, on the terms set out in the report;
- (ii) Agree that the Council enters into a 250-year lease with Eastbrook Studios Ltd for the site shown in Appendix 2, on the terms set out in the report; and
- (iii) Authorise the Strategic Director, Law and Governance to enter into all necessary agreements to facilitate the lease arrangements.

## **Reason(s)**

The transfer of the two small pieces of land will help facilitate the delivery of film studios in the borough which will deliver a wide range of socio-economic benefits in line with the Borough manifesto.

## **1. Introduction and Background**

- 1.1 Delivery of film studios in the Borough is a long-standing priority and is now extremely close to delivery. Cabinet agreed to enter into leases with Eastbrook Studios Ltd to deliver sound stages at Dagenham East and a sister facility on the River Roding at Welbeck Wharf. Amendments to enhance the Dagenham East scheme are currently going through the planning process and if approved would enable construction to commence before the end of the year.
- 1.2 In progressing their delivery plans, Eastbrook Studios Ltd have identified the need for the Council to transfer two very small pieces of land in order to facilitate development on both sites. The Council's Constitution states that a Cabinet decision is required before any lease over 20 years can be entered into.

## **2. Proposal and Issues**

### **Welbeck Wharf, 8 River Road**

- 2.1 The former Welbeck Steel site has been leased to Eastbrook Studios Ltd for 10 years with the ability for them to extend by a further 10 years. In developing their plans to convert the existing warehouses into sound stages, they have identified that additional power supply is required. This requires a new electricity sub-station. This would be built by the London branch of UK Power Networks (UKPN) who, as a standard, require a 99 year for the land where the sub-station would be built. The site would be approximately 4 by 4 metres and will be able to be accessed from the public highway rather than through the film studio site. This is shown in appendix 1.
- 2.2 The sub-station would have no operational impact on the site or hinder future opportunities – similarly it would not impact on the public highway. Indeed, the additional power supply facilitated by the land transfer enhances the Council's land.

## **Rainham Road South Land**

- 2.3 Between the land leased to Eastbrook Studios Limited for 250 years and the public highway on Rainham Road South is a thin strip of land which consists of dense planting and is on a steep gradient given the road forms a bridge over the railway lines. See appendix 2.
- 2.4 As yet Eastbrook Studios have not developed plans for the front part of the Dagenham East site instead focussing on progressing the studios towards the rear of the site. As part of the land sale, Eastbrook Studios Limited are required to deliver a strong, active frontage onto Rainham Road South. They are starting to work on their proposals for this site which will be subject to the usual planning processes. However, it is clear that the Council owned strip is a barrier to achieving the objectives of a strong, active frontage.
- 2.5 The strip is currently a maintenance liability for the Council as it is difficult to remove litter and clear vegetation due to the gradient and fencing/hoarding on both sides. As such the land has negligible value and the Council will benefit considerably for the redevelopment of the wider Dagenham East site including this land.
- 2.6 The land is not a 'ransom' strip as Eastbrook have full access to the site. Not transferring the land would result in the Council hindering delivery of its own objectives for the frontage.

## **3. Options Appraisal**

- 3.1 Do Nothing

### **Welbeck**

Not providing a lease to UKPN would severely limit Eastbrook Studios power supply and their opportunity to maximise the use of the site with numerous productions. It may even result in them deciding the site is only suitable for storage and workshops rather than filming. This would be a major missed opportunity to maximise the socio-economic benefits from the site.

### **Rainham Road South**

This would hinder Eastbrook Studios Ltd's ability to achieve a strong, active frontage.

- 3.2 Seek a premium

Neither UKPN or Eastbrook Studios would pay a premium given both would be investing in the sites. Given the size of the sites any value would be very difficult to assess. The Council has secured good value for its long leasehold sales to Eastbrook Studios.

## **4. Consultation**

- 4.1 There has been very extensive and positive consultation on the proposals for film studios; however there has been no consultation on the specific proposals in the report given the size of the two sites.

- 4.2 The proposals in this report were endorsed by Corporate Strategy Group on 19 August 2021.

## **5. Commissioning implications**

Implication completed by Darren Mackin, Head of Commissioning and Place, Inclusive Growth

- 5.1 Delivery of film studios in the Borough will have a transformation impact and form a key part of the Inclusive Growth agenda. The proposals in this report help facilitate delivery of these objectives.

## **6. Financial Implications**

Implications completed by: David Dickinson, Investment Fund Manager

- 6.1 The report sets out proposals for two small pieces of land to be transferred to UKPN and Eastbrook Studios in order to help facilitate the development of film studios on two sites. Previous Cabinet reports set out the positive financial implications of those leasehold sales. No premiums or rent are proposed for the two sites. This is standard for a transfer to UKPN for a new sub-station and will enhance the long-term value of the Welbeck Wharf site through improved power supply. The Rainham Road strip is a potential maintenance liability for the Council and given the desire for a strong public frontage, this can only be achieved if Eastbrook Studios are able to utilise the land as part of their frontage. The strip is not a 'ransom' strip as alternative access is available – it is about co-ordinating the land ownership so the Council's objectives can be met.
- 6.2 Eastbrook Studios Limited have given an undertaking to fully cover the Council's fees in association with this work.

## **7. Legal Implications**

Implications completed by: Ann Towndrow, Property Solicitor, Law & Governance

- 7.1 In accordance with the Constitution, Part 4, Chapter 4 (Land Acquisition and Disposal Rules), Section 2.2 (Control by the Cabinet), the disposal of all property either long-lease (over 20 years) or by sale of the freehold must be approved by the Cabinet.
- 7.2 Under s123 of the LGA a local authority may dispose of land subject to a duty to obtain the best consideration reasonably obtainable (includes the grant of a lease). A disposal may be at an undervalue if the transaction will contribute to the social and economic well-being of its area and the reasons for the disposals and value are dealt with in the report.
- 7.3 The general power of competence under section 1 of the Localism Act 2011 provides the Council with the power to do anything that individuals generally may do.
- 7.4 Furthermore, Section 111 of the Local Government Act 1972 enables the Council to do anything which is calculated to facilitate, or is conducive to or incidental to, the

discharge or any of its functions, whether or not involving expenditure, borrowing, or lending money, or the acquisition or disposal of any rights or property.

## **8. Other Implications**

- 8.1 **Risk Management** – Responsibility for the sites would fall to the new owners.
- 8.2 **Contractual Issues** - LBBB Legal have had a fees undertaking from Eastbrook Studios Ltd and will carry out the necessary agreements on behalf of the Council.
- 8.3 **Staffing Issues** – Be First working with LBBB legal have facilitated this as part of supporting delivery of the film studios. LBBB Legal fees are covered by Eastbrook Studios.
- 8.4 **Corporate Policy and Equality Impact** – Delivery of film studios has been a long-standing Council policy which delivers a wide range of benefits in line with the Borough manifesto. The proposals in this report support the delivery of those objectives.
- 8.5 **Property / Asset Issues** – Whilst transferring land from the Council to third parties, the land areas are very small and actually deliver broader benefits to the Council's property assets as a whole.

**Public Background Papers Used in the Preparation of the Report:** None

### **List of appendices:**

Appendix 1: Site Plan for Welbeck Wharf Sub station

Appendix 2: Site plan for Rainham Road South land strip