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Boris Johnson
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Dear Mr Johnson,

Royal Mail Group - Mount Pleasant Sorting Office Planning Applications

Thank you for your letter dated 28th November 2014 sent in response to the councils' letters of 2nd October and 24th October 2014. As you are aware, the councils have identified a range of significant concerns with the Royal Mail Group's Mount Pleasant proposals in a number of written representations and letters submitted to you before and after your Hearing on 3rd October 2014. In summary, the councils consider that Royal Mail Group (RMG) have understated the financial viability of the scheme with the intention of minimising the level of affordable housing that must be provided.

Despite being made aware of this you resolved to grant consent for the proposals at your Hearing on 3rd October 2014. In our 24th October letter we requested that you reconsider these important issues and renegotiate with RMG to secure a level of affordable housing that properly reflects its viability. In your letter you have however stated that based on your officers' report (published 25th September 2014) and discussion during the hearing session, you are satisfied that your resolution to grant planning permission was sound and you do not intend to discuss this further with RMG.

However, as set out in our previous correspondence, a number of key issues were not addressed in the Hearing Report or at the Hearing. Your latest letter also fails to address these issues, which include:

- The site value adopted by RMG and your own advisors in the viability assessment is inconsistent with the Government's Planning Practice Guidance which states that all cases site value should reflect planning obligations and CIL charges. You have not acknowledged this or given any explanation as to why this has not been applied.
- Unrealistic assumptions were adopted by RMG's consultants Gerald Eve regarding the timing of land payments which directly contradict information provided by RMG's own project managers M3. This matter was initially addressed in your viability advisor's report but then deleted from later versions without explanation.
- Serious shortcomings in the approach to, and reporting of the Enabling Costs, which also exert a significant impact on the level of affordable housing which could be delivered on this site.

The councils' viability advisors have concluded that these and other aspects of the viability assessment have the effect of hiding the true value of the scheme and suppressing the level of affordable housing that would need to be provided. Having limited the obligations within the planning consents RMG will be in a position to sell their land for a much higher amount than would



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have been possible with consents that comply with planning policies. Far from enabling the delivery and viability of the scheme therefore, your reluctance to address these issues means that RMG are likely to be able to command a price that is far higher than that deemed necessary by your consultants which will prevent the delivery of sustainable development on the site.

Serious concerns also remain relating to the affordability and deliverability of the affordable housing and a lack of transparency surrounding the viability assessment process, including the affordable housing values assumed in the assessment. The notable changes in your consultant's conclusions between their May and August 2014 reports in particular remain to be adequately explained. The councils have not been provided with all of the information exchanged by the parties, despite prior agreements to do so. The councils requested on 22nd October 2014 that they be provided with any financial viability and related information or correspondence provided to the GLA or their advisors GVA by or on behalf of RMG that had not been provided to the boroughs. We understand that the GLA were to request this information from their consultants, however we have not yet been provided with this.

The councils also requested that they be provided with any written or verbal instructions that the GLA issued to their consultants GVA following their initial instructions in April 2014. The GLA has responded that they have not issued any further instructions to their consultants. Revised versions of GVA's May report were issued by the GLA in August and a further report from GVA formed part of the GLA's Hearing Addendum Report, all of which included assumptions that were not part of their original brief. This indicates that further requests and comments were made by the GLA to their consultants since the original representations. For the avoidance of doubt, the councils are requesting that they be provided with copies of any written or verbal requests or comments made by the GLA in respect of financial viability and related matters to their viability consultants GVA since the April 2014 instructions.

These requests for information should be treated as requests under the Environmental Information Regulations 2004. The Regulations place a duty to respond as soon as possible, and no later than 20 working days after the date of receipt of the request.

As noted in your letter, the provisions of the Section 106 agreement remain subject to ongoing discussions. You have committed to ensure that the scheme comes forward in a comprehensive manner and that partial development is avoided. The councils however remain concerned that RMG's proposed linkages between the Camden and Islington parts of the site are inconsistent with the design and place-making principles adopted by RMG in the applications and the basis of their viability assessment which assumes a profit requirement commensurate with the comprehensive development of the site. The councils have provided detailed comments on these issues to your officers and RMG and will be submitting further written representations.

You have also committed that the viability review mechanisms included in the S106 agreement would be effective and equitable and ensure that the maximum reasonable amount of affordable housing over the life of the development is provided. However, we have set out detailed reasons to your officers why we consider that the terms proposed by RMG unnecessarily limit the scope of the review process which would constrain the level of affordable housing that would be provided. We understand that the GLA's position on this will be made clear in due course.

There continue to be a range of principal important controversial issues concerning the application which remain outstanding. These include key areas of concern and factual errors, which have a significant impact on the level of affordable housing that could viably be provided, but for which inadequate or no justification has been provided as a part of your decision. It is therefore extremely disappointing that you do not intend to reconsider these issues and re-negotiate with RMG to secure a better deal for Londoners. Furthermore the nature of your decision, which prioritises landowner windfalls over desperately needed affordable housing, could have significant implications for other planning applications across London and beyond.

Yours sincerely,



Councillor James Murray
Executive Member for Housing and Development
London Borough of Islington



Councillor Phil Jones
Cabinet Member for Regeneration, Transport and Planning
London Borough of Camden

c.c.

Oliver Shepherd, DP9

Edward Denison, Chair of the Mount Pleasant Association

Jeanette Arnold, London Assembly

Andrew Dismore, London Assembly

Andrew Boff, London Assembly

Emily Thornberry MP

Frank Dobson MP

Adrian Bailey, MP, Business, Skills and Innovation House of Commons Select Committee (Chair)

The Rt Hon Margaret Hodge, MP, Public Accounts House of Commons Select Committee (Chair)

Clive Betts, MP, CLG House of Commons Select Committee (Chair)