

VCR:

Date: Friday, 3 October 2014

Location: Chamber, City Hall

Hearing: Representation Hearing - Mount Pleasant Sorting Office

Start time: 10.00am

Finish time: 12.15pm

Present:

Boris Johnson, Mayor of London (Chair)

Joanna King, Principal Solicitor, Transport for London

Samantha Wells, Principal Strategic Planner, Greater London Authority (Case Officer)

Justin Carr, Strategic Planning Manager, Greater London Authority

Stewart Murray, Assistant Director - Planning, Greater London Authority

Councillor Phil Jones, Cabinet Member for Regeneration, Transport and Planning, Camden Council

Councillor James Murray, Executive Member for Housing and Development, Islington Council

Sarah Ricketts, Planning Officer, Islington Council

Andrew Jones, Partner, BPS Chartered Surveyors (Viability Consultant)

Mike Franks, Chair, Mount Pleasant Association (Objector)

Edward Denison, Mount Pleasant Association (Objector)

Judy Dainton, Mount Pleasant Association (Objector)

Oliver Bennett, Mount Pleasant Association (Objector)

Oliver Sheppard, Planning Consultant, Dp9 (Agent)

Charles Trustram Eve, Director, GVA Grimley (Valuer)

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Boris Johnson (Mayor of London, Chair): -- hearing, a Representation Hearing on the matter of the Mount Pleasant Sorting Office, which we will begin as soon as possible.

I should say that we have received or I have received overnight some last-minute representations from both Islington and Camden to me, which obviously require my attention. One of them is marked "confidential". I have a confidential letter here from Islington and Camden. I do not know what you mean by "confidential" and I would just like to know whether anybody representing Islington and Camden is prepared to waive confidentiality so that the applicant can see this letter?

Speaker: It is the information in the letter that is confidential. I do not know if (several inaudible words).

Boris Johnson (Mayor of London, Chair): I see. It is up to the applicant?

Speaker: (overspeaking)

Boris Johnson (Mayor of London, Chair): OK. Is the applicant content to waive confidentiality in this matter?

Speaker: I cannot answer that (overspeaking) the letter.

Samantha Wells (Principal Strategic Planner, Greater London Authority, Case Officer): They have not read it.

Speaker: (overspeaking)

Boris Johnson (Mayor of London, Chair): Would you like to see the letter?

Speaker: Yes, please.

Boris Johnson (Mayor of London, Chair): Are Islington and Camden willing for the applicant to see the letter because it contains material which they think is confidential?

Speaker: Yes, but only confidential (several inaudible words).

Boris Johnson (Mayor of London, Chair): OK. All right. I am going to take it that since this letter contains material which is confidential to the applicant and the applicant does not

know what the material is, it is only fair to put the applicant out of its misery and see what confidential material is here. The applicant should certainly have access to it.

Given that it is pretty extraordinary to shove in papers at 6.00pm on the evening before a hearing and obviously given that this whole thing has been delayed by 18 months already, it would probably be right, though, for me to give proper consideration to the documents that have been submitted. I am therefore going to adjourn this hearing for 20 minutes for consideration. OK? Thank you. Those who wrote the letter are content for the letter to be shared with the applicant. They are, yes. OK. Back in a moment, folks.

(A short adjournment)

Boris Johnson (Mayor of London and Chair): -- stuff earlier. I have now had a chance, obviously, to consider those last-minute submissions. I must say I note the slight difference in tone in the confidential letter that I have received and the very helpful conversations I had whilst on the site visit with officers from Islington and Camden. Nonetheless, let us bash on and I would like to hear first, obviously, from Joanna King, our solicitor, who is going to give us the procedural lowdown, folks.

Joanna King (Principal Solicitor, Transport for London): Thank you, Mayor. My name is Joanna King and I am the legal adviser for the Mayor. I would like to begin by setting out some formalities.

This is a public meeting and it is open to anyone to attend. However, the hearing should not be filmed by anyone other than the Greater London Authority (GLA). We are following an agenda this morning and I hope you all have a copy of that. If not, you will find copies, together with copies of the report to the Mayor on the planning applications on the desk near the entrance to the Chamber.

The Mayor made a site visit to the application site on 28 May. The Mayor was accompanied by GLA officers, representatives from both councils and the applicant. The site visit was conducted in accordance with the GLA's procedure for representation hearings.

All speakers today have been given an allotted time to speak as set out in the agenda and on this occasion the Mayor has used his discretion to extend some of the time limits. When it is your turn to speak, you will be asked to come forward to the table. A transcript of today's proceedings is being produced and so it would be helpful when you come forward if you could clearly introduce yourself before you begin to speak. All speakers will be notified 30 seconds before their time is due to run out. Speakers should confine their comments to material planning considerations and ensure that their comments do not conflict with the GLA's diversity and equality statement. When speakers have finished addressing the Mayor, there will be no further opportunity to speak unless the Mayor asks a direct question.

If a member of the public interrupts the hearing at any point, the Mayor will warn them and may order their removal from the Chamber.

Having heard all the oral representations, the Mayor may decide he is able to make a decision today. However, if the Mayor decides he needs more time to consider the application, he will make his decision within five working days of today and it will be posted on the GLA website. The GLA will notify the planning authorities, the applicant, anyone previously consulted, anyone else who made comments on the application and anyone who has spoken here today of the decision by email or in writing.

Finally, we are not expecting an evacuation alarm this morning. In the event of the alarm sounding during the hearing, you will be directed towards the nearest evacuation route. Thank you.

Boris Johnson (Mayor of London and Chair): Thanks very much, Joanna. Let us go straight on to Sam Wells, who is the Principal Strategic Planner in this case. Sam, over to you.

Speaker: I have two legal questions, Mayor. I have (several inaudible words).

Boris Johnson (Mayor of London and Chair): I am terribly sorry. Whatever you want to consider must be done within this. I cannot take general questions from the audience. We must push on with the --

Speaker: This was my point. It is a public hearing and the public have no right to speak. Is that (several inaudible words)?

Boris Johnson (Mayor of London, Chair): I am so sorry. We must get on with the procedures we have as have been outlined by Joanna [King].

Speaker: (overspeaking) I have lived and worked for 30 years. It is about time (several inaudible words).

Speaker: Representations have been made.

Boris Johnson (Mayor of London, Chair): I am not going to enter into a dialogue with the audience. We just must get on with the hearing. Sam, would you like to keep going?

Speaker: (overspeaking) because we are not the public. I thought it was a public interest hearing.

Boris Johnson (Mayor of London, Chair): Sam, would you continue? Thanks.

Samantha Wells (Principal Strategic Planner, Greater London Authority, Case Officer): Sure. Today I will be setting out some details of the scheme, where it is, the proposed development, the public representations received, the borough representations and the key issues that you have to consider, and then going through the section 106 details and our recommendations.

Just to set out the details of where the site - which you have been to - is, it straddles Camden, Islington and Farringdon. That is the site as it exists at the moment, which obviously you are familiar with from going to it. To the left is the Calthorpe Street site, which is where the servicing and delivery for Royal Mail takes place. On the right is the parking for the Royal Mail staff in the Phoenix Place site.

Just a few images from around the site: again, the entrances to Farringdon Road on the left and on Phoenix Place to the right. Just to confirm, you have two schemes in front of you. On the right is the Calthorpe Street site in Islington and on the left is the Phoenix Place site in Camden. Just to set out where the conservation areas are and the listed buildings are, the site in Islington is within a conservation area and you do have consider a conservation area consent for that. There is a series of listed buildings around the site, which we will be looking at later in the views analysis.

Just to set out where the site is in relation to the London Plan, it is the central activities zone on the top left and it is also within the Smithfield and Farringdon intensification area in the London Plan. The bottom left shows where the site is in relation to strategic views. It is in a viewing corridor and, again, I will show you later how that sits.

Local policies: it is within Finsbury's local plan, clearly identified in purple there as a development site allocated for development and refurbishment. In yellow is the site within Camden, obviously, which is outside of the Islington Council plan. Again, it is a site allocation in the top left in Camden's development policy document. The bottom left shows the Mount Pleasant Supplementary Planning Document which was produced between the two boroughs in advance of the application and in co-operation with the applicant. On the right, that just shows the relative heights of what was envisaged when Farrells did the master plan.

Just to show some of the site constraints there, in green are the Tube lines, the Metropolitan and Circle lines. In the middle of the site are the Mail Rail tunnels that run underneath the site. In blue running down Phoenix Place is the Fleet River sewer. Again, the boundary of the site runs down Phoenix Place in the middle where the blue line is.

Just to set out the proposed development, we have two schemes, as I said. The Calthorpe Street site will be referred to and is in Islington and the Phoenix Place site is in Camden. We have ten blocks ranging in height from three to 15 storeys with 681 units, of which 163 are affordable. There are just over 4,000 square metres of office space and over 2,000 square metres of flexible retail, café/restaurant and community floor space. Then we have the re-provision of the Royal Mail staff car park, alterations to the public highway, a new vehicle ramp to the basement off Farringdon Road, an acoustic roof over that and various excavations. Then there is parking, landscaping and public realm works. As I said, a conservation area consent is required for demolition works in the Calthorpe Street site because it is in a conservation area.

Just to show some of the block layouts there, in the yellow are the sites within the Calthorpe Street and in orange is the Phoenix Place scheme. That just shows a general block layout. The model that is in front of you is available for viewing as and when you wish, but this just

shows an aerial shot of that. Here, this image shows the model with the heights on it and you will see in the top right the 15-storey element, which is the tallest element. Staggering downwards, you have a 12-storey element in the middle, another 12-storey element and then four storeys down here along Calthorpe Street, Farringdon on the corner of Calthorpe Street eight storeys, dropping to seven and then six for the office block that sits adjacent to the sorting office. When we did the site visit, you took a view from the roof there of the sorting office.

Another aerial shot just shows an illustrative plan of the scheme and what is envisaged by the architects. The master plan layout shows a route through a middle of the Calthorpe Street site here that cuts through to Phoenix Place and here there will be a new museum for the Mail Rail and the British Postal Museum and archives and the route is intended to cut through here. There is another route down through to Coley Street by Gough Street and areas of space within the courtyards of the site. That large expanse is the acoustic roof. Just to show the open space, you have a series of public, communal and private spaces shown in different colours there. This would all be in private management by the applicant and in ownership by Royal Mail Group and managed by them and whoever develops the site.

Just to show vehicle movement and transport, the scheme sees the relocation of the existing route on Farringdon Road, the large red arrow there, a new route off Calthorpe Street, underground parking routes off Phoenix Place and Gough Street and then the route into the existing sorting office here as well.

Just to set out some of the enabling works which will come up later with reference to the review mechanisms that we are talking about, there are three main phases of development: the enabling works which are shown here, the Phoenix Place development and the Calthorpe Street development. The scheme does require an extensive programme of enabling works to release the site for development. These look to create a new basement, covered ground-level operational vehicle parking and circulation areas on the Calthorpe Street site, which are intended to improve the acoustic environment by enclosing the Royal Mail vehicle movements and enabling 24/7 operations to continue without impacting on residential amenity. It will have the added benefit of improving air quality in the surrounding neighbourhood through the ducting of exhaust fumes. I know it is not on a very good scale for the public to see, but it is just to show that there are parking arrangements here and a new vehicle entrance that runs down and that is all covered over by the acoustic roof.

Just to show some of the phasing, the scheme would commence with the implementation of these enabling works to facilitate the creation of a building platform, which is at the bottom right. This work could take up to two years and later in my presentation I set out that the trigger point for pre-commencement is suggested as being when stage two is complete, which is in about two years. That is just to show the phasing of works that have to go to create a cap for new development.

Just to show the scheme in the context of the existing Supplementary Planning Document (SPD) which the architects have sought to embrace through their design with a route through, this just shows the layouts here with the courtyard-style scheme and a route through Gough

Street. The parameters of the SPD have been looked at by the architects. General heights in the SPD look to focus on eight-to-ten storeys down here. Fifteen storeys are suggested, but I will show you that in the views analysis later to show why we think that is acceptable.

Just to show some of the architecture that has been proposed, this is generally just some illustrative images which the applicant has produced from various viewpoints. These show the new route from Calthorpe Street and the square that would open out onto Phoenix Place. Here we have the view of the blocks across the new acoustic roof, which would be planted as a green roof, and areas of communal court terraces that look out onto the frontages of the brick-framed buildings. This is the new garden route that runs down from Farringdon Road through the site to a central pavilion building. This is a courtyard within the block on the corner of Farringdon Road and Calthorpe Street. It is 20 metres across there and that would be for use by residents.

There are a few images just of the fenestration and detailing of the recesses, recessed balconies and framework proposed, a very London vernacular style with brick cladding --

Speaker: (overspeaking)

Boris Johnson (Mayor of London, Chair): They do not like the architecture (overspeaking)

Speaker: How much is a (inaudible)?

Samantha Wells (Principal Strategic Planner, Greater London Authority, Case Officer): Here is the corner site of Calthorpe Street and Farringdon Road, a block with the Holiday Inn on the corner opposite there and the bottom is the office building that joins up against the sorting office.

Then here is the Mount Pleasant frontage on Phoenix Place which shows an opening up of the public footway to create public realm with retail uses at ground floor level. Just to show the courtyards of that block down there, they would be for the use of residents with entrances to individual flats on those, and then just another view of the courtyard with entrances to each unit secured. There are some details of the brickwork, an illustrative view of Phoenix Place and the Mount Pleasant façade and then just a few views here of the balconies, the communal terraces and the private courtyards for the use of residents.

I will just quickly run through some of the street views which the applicant has provided. This is looking along Mount Pleasant towards Phoenix Place, existing and proposed. This is looking along Mount Pleasant from further back towards Exmouth Market, existing and proposed. This is a view from Rosebery Avenue on the viaduct looking down across to Phoenix Place and that is the Independent Television News (ITN) building just there, which you saw on the site visit, and the Seifert office building there. That is proposed and that is looking up Phoenix Place. Here we have looking up Phoenix Place again and this shows the staggered building heights that are proposed and obviously, looking at the site now, which is a vacant car park, we are happy with the street enclosure and that it would create visual interest.

This is the junction of Laystall Court and Mount Pleasant down in the bottom southwest corner of the site and this is the tallest element of the scheme at 15 storeys. That height is relative to the height of the ITN building and it has been dictated by the London View Management Framework viewing corridor that passes across the site. The height of this, as you can see, has raised significant local objections due to daylight and --

Speaker: (overspeaking)

Speaker: It is the affordability (overspeaking)

Samantha Wells (Principal Strategic Planner, Greater London Authority, Case Officer):
-- and the daylight and --

Boris Johnson (Mayor of London and Chair): No, we understand that. We understand that.

Samantha Wells (Principal Strategic Planner, Greater London Authority, Case Officer):
This has raised concerns in terms of daylight and sunlight aspects, which I will pick up shortly.

This is along Calthorpe Street. The buildings here are a listed terrace. Here you have a four-storey element which relates to the existing terrace rising up to level with the Holiday Inn. This is the existing view from beyond Grays Inn Road to the west at the junction of Guilford Street. Here the buildings would rise up above the terrace and that is where we have received objections from English Heritage in the boroughs in particular about that impact on the setting of those buildings and the conservation area. I will pick up on those shortly as well.

This is another view from St Andrew's Gardens to the north. Here, again, the buildings rise up above the terrace here and that, again, has raised objections from English Heritage and the boroughs. This shows a bit closer where the buildings pop up here above that terrace on Wren Street.

This is a view looking at Phoenix Place from the Wren Street junction with Calthorpe Street. Here, obviously, you have a vacant site with no buildings on it and the scheme creates a new street frontage which replaces a currently vacant site.

Here, this is a junction from King's Cross Road looking down towards Farringdon Road. That is existing, again, and obviously a clear site with the proposed scheme forming a corner piece to the site matching the Holiday Inn scale of development.

This is looking up Farringdon Road with obviously, again, the Holiday Inn in the background and Exmouth Market to the right. The building plugs in along the building line of the sorting office.

Just to set out the strategic views, as I said earlier, it falls in within two of your London view management strategic viewing corridors from Kenwood to St Paul's and Parliament Hill to St

Paul's. In those, this one here is taken from the summit of Parliament Hill and the Phoenix Place scheme makes a four-metre intrusion, but overall in our officer report you will see that we do not consider that it detracts from the prominence of St Paul's, which you can see in that blow-up there with the black lines. Sorry, that was the other way around. Kenwood, Parliament Hill, sorry. That is, again, the black there. It does not interfere with St Paul's or in that view there. The building slightly pops up above the viewing corridor but we do not consider it to have an impact.

In terms of public representations to the scheme, the two councils undertook consultation last year. Over 6,000 letters were sent out. Islington Council received 40 objections and Camden received just over 100. There was a petition received with 63 signatures and objections received from the local residents' groups in the area, which I have listed there. Mayor, when you took over the application, we undertook additional consultation in receipt of additional plans and that generated 110 objections. You also received 10 other objections as well as correspondence from Assembly Members, the local Member of Parliament (MP), the Labour Party, and the Mount Pleasant Association and Create Streets, who are here today to make a representation. Everyone was notified of the hearing today and all those people who have written in were given the opportunity to speak. Everyone was contacted about that.

Speaker: No, I was not.

Samantha Wells (Principal Strategic Planner, Greater London Authority, Case Officer):

In terms of summarising the objections, I have just set those out. They are actually clearly set out in the report as to a summary of all the views received. The key issues are relating to the design, the layout, the massing, the heights, the architecture, the environmental impact, the residential amenity, land uses, parking and traffic. There were objections received about the consultation process and the Mayor's powers to take over the application.

Just in advance of the Mount Pleasant Association giving observations today, it is a community group which represents local residents and it has met with GLA officers and the Deputy Mayor and has also held residents' meetings. It objects to the scheme, largely on design and amenity grounds, and is in the process of establishing a neighbourhood plan, which I am sure will be set out to you. It has been working with Create Streets, which has come up with the concept of a Mount Pleasant Circus in Fleet Valley Gardens, an alternative vision on which you have received representations recently. I am sure they will be set out in the representations in due course.

In terms of statutory consultees, English Heritage does not object to Phoenix Place but has objected to the Calthorpe Street scheme, in particular the scale of blocks E, F and G due to the heights and say that these would impact upon listed terrace and conservation areas. The archaeological section of English Heritage has observed that there are some potential Civil War defences, so it requires a condition about securing archaeological investigation works. The Design Council Commission for Architecture and the Built Environment (CABE) has generally commended the scheme subject to some detailed comments. Then we have received observations from the other statutory consultees like the Environment Agency, Thames Water, Natural England, London Underground, the Fire Authority and the public

health team and all those comments have been set out in the report. Where conditions have been asked for, they are being suggested.

In terms of Camden Council and Islington Council representations, both provided responses as a result of your request to take over the application and set out why you should not do so. Following that, they reported the scheme to committees to seek a view on them and to inform subsequent negotiations that took place.

Camden Council took the scheme to committee in March and you took over the scheme in January. It resolved to object to the scheme on affordable housing, the linkages between the site being required, the car-parking levels, residential amenity and standard of accommodation and raised some other technical issues. It also supported objections raised by Islington Council about heritage. In my report, I do in error in say that it did not, but it has.

Islington Council also reported the scheme in February and resolved to object to the scheme on affordable housing, heritage impact, car-parking levels, highway safety on Farringdon Road, sustainability issues around a sustainable urban drainage system and comfort cooling, the affordable workspace, daylight and sunlight impact and that linkages between the two sites would be required.

Following their committees, there has been a series of project meetings taking place at officer level to discuss detailed aspects of the concerns, section 106 heads of terms, affordable housing and phasing and linkages. Information on viability, daylight and sunlight, transport and other concerns raised have been shared by officers.

On the late representations you have received last night, having looked at those, we remain satisfied that the representations received have been satisfactorily addressed in the hearing report and that an adjournment, as suggested, is unwarranted.

Just to set out the key issues which I have elaborated upon, in land use terms, we will be looking at those: housing, design, inclusive design, residential amenity, sustainability, transport and other environmental impacts. With land use, both boroughs and GLA officers agree that the regeneration of this key central London site with a residential-led mixed-use redevelopment is appropriate, generating jobs and homes, providing active frontages and delivering the key place-making principles set out in local policy. Employment and training obligations as part of the construction process would be secured and provision of affordable workspace would also be set out in a legal agreement, with officers recommending that the precise wording of these clauses be delegated to officers as is standard practice.

In terms of housing, as said, there are 671 units, 336 in Islington and 345 in Camden. There is a range of units from studio to four-bed and more than 10% would be wheelchair housing. Overall, a variety of residential typologies is secured to meet local housing needs. In relation to affordable housing, this has been the subject of extensive negotiation dating back to before the submission of the application. Various consultants have been employed to test the applicant's assertions regarding the affordable housing provision and the scheme before you now - which provides 23.9% affordable housing, 98 affordable rent units and 65 intermediate

units - is deemed to have the maximum reasonable amount of affordable housing, representing a doubling of the affordable housing from when you took over the application. This has largely been achieved through the employment of an independent consultant on behalf of the GLA who has challenged some of the inputs and assumptions of the applicant. It is on this basis that officers are suggesting that it is the maximum reasonable amount of housing that can be achieved.

Just to set out the approach to viability, there is a table to show that - on the right - a scheme has a worth. There is land cost, development cost, enabling cost and a return that the developer needs to achieve to make development happen. Then there are planning obligations. In the current market for complex schemes such as this, which may take some time to do with the enabling works, growth modelling is required to ensure a viable return. At the present day with the enabling costs, the scheme would not be viable and would not be delivered. The use of these growth models allows an applicant to offer a higher level of affordable housing and planning obligations and to take a risk on whether growth will happen, but it makes certain a sum is achieved. On this growth model basis, the scheme is shown to be potential capable of being viable. If this growth does not occur, the councils will not lose any affordable housing or section 106 contributions.

To wrap that up, we are suggesting a review mechanism to secure affordable housing if it is viable. Our consultant assures us that this is the maximum reasonable. Just to set out the issues raised --

Boris Johnson (Mayor of London and Chair): Sorry, Sam. The reviews are at three and five years, are they not?

Samantha Wells (Principal Strategic Planner, Greater London Authority, Case Officer): Yes, I will move on to that shortly. I am just saying there that obviously the growth modelling is speculative. We have reached 23.9% based on forecasting what might happen in the future and we can anticipate that if there is improvement, we have a review mechanism to secure more. I will move on to that.

Just to set out the issues raised by the boroughs, they are saying that the maximum reasonable amount has not been secured, the approach to viability is flawed, the assumptions the applicant has used are incorrect, the proposed development programme is flawed, the enabling costs are excessive and lack supporting evidence, the Islington Community Infrastructure Levy (CIL) is being incorrectly applied, the profit that is being suggested is too high and the review mechanisms and site linkages are not satisfactorily addressed.

Just to respond, as I said, our consultant considers this to be the maximum reasonable amount. There are various approaches to viability that can be undertaken and the growth model ensures that affordable housing will be delivered on the site when it may otherwise be unviable. We have looked at the inputs and assumptions and have scrutinised them and they have been accepted as being reasonable by our consultant. The indicative programme is considerably reasonable for a complex phased scheme. The enabling costs have been verified by a Valuation Office surveyor as being reasonable.

In terms of Islington's CIL, that kicked in on 1 September and officers in their report have set out that it will take some time to embed itself into scheme valuation. In terms of the internal rate of return (IRR) at 20%, officers are satisfied that this is typical of a complex scheme with enabling works that might take place over a number of years. In terms of affordability, the scheme achieves a range of rent levels to be delivered by a registered provider down the line and would be set so as to not exceed the London Housing Allowance.

In terms of the reviews, as I said before, two are proposed. One is if they do not substantially complete the enabling works within three years of planning permission. When I showed you the plan earlier of the enabling works, it would take up to two years to do. It is quite complex work and we are saying, "We will give you a year to do some planning and then two years to build it out and, if you have not got on with it, there is a review mechanism that kicks in and has to re-look at the viability case". Either way, there would be a midpoint review before the last two phases of development are built and that would again look at the viability of the case of the applicant or the developer at the time and, if there is an uplift and more money can be achieved, it will go towards delivering affordable housing.

In terms of the wording of those reviews about the triggers, the assumptions and the caps, this has been discussed to some extent between the GLA, the councils and the applicant as part of our section 106 negotiations, but at this point in time the wording has not been finalised. As is usual practice at the Planning Committee and indeed your previous hearings, it is considered entirely appropriate that the detailed technical section 106 wording is secured by officers under delegated powers. That is typical of borough practice in their committees as a reasonable approach. It is not something that you need to deal with the detailed wording. On that basis, we are suggesting that you agree the principle of the two review mechanisms and that the detailed wording is delegated to Stewart [Murray, Assistant Director - Planning, Greater London Authority] as the Assistant Director.

In terms of phasing and linkages, this is a point that has been raised by the boroughs as well. There are three aspects of the scheme: the enabling works, the Phoenix Place development and Calthorpe Street. The applicant is proposing to link that the Phoenix Place scheme cannot be implemented until a binding contract is in place for delivery of the enabling works. The boroughs are seeking more linkages to restrict commencement and occupation of residential units. Officers agree that linkages between the sites would be appropriate to deliver the comprehensive wider master plan and this would be secured in the section 106 agreement. We have, obviously, received these late objections that you have looked at and that have details about the concerns of boroughs. Obviously, in the absence of agreement that the boroughs think that it prevents you giving an opinion on this point, conversely, officers are recommending, Mayor, that the scheme be approved subject to terms which secure and deliver a scheme of phasing and linkages between components of the development to ensure that the master plan as a whole comes forward in a comprehensive and timely manner in order to avoid unacceptable partial development or delay and avoid the potential of cherry-picking of the overall development to take place, as the authorities are suggesting in their reports to you recently.

It is the detailed wording which is being reserved for approval by the Assistant Director and that is what we are suggesting, rather than it being reported back to the Mayor. We are saying there are the review mechanisms and it is usual practice on outline schemes which have phasing and linkages required that the technical section 106 wording be secured by officers under delegated powers in consultation with the boroughs and the applicant.

Just to quickly run through the residential quality, we have done a quality check against your Housing Supplementary Planning Guidance (SPG) and we are happy with the overall quality in terms of aspect. There will be no single aspect north-facing units, no more than eight units per floor, units with direct access to Gough Street and private amenity space for the majority of units. Where that is not possible and Juliet balconies are proposed, these will have access to shared balconies. We are happy with the daylight and sunlight impacts of the scheme itself and in terms of outlook and privacy. One of the principles was about getting front doors to streets, which we have managed to get quite successfully in the Phoenix Place development to enliven the frontages as per your SPG. Play space is proposed across the scheme to accord with your SPG and a range of spaces throughout the scheme from the courtyards through to the central garden. Overall, there would be over 4,000 square metres of amenity space with 1,600 square metres for under-fives. There are dedicated play features within the team.

On design, again, we have run through a few issues in the previous images that I have shown you. Overall, officers conclude that the strategic views are acceptable, the master plan principles are well considered, the design and appearance is of a high quality, the scheme includes well-defined and accessible public and private space, amenity and play space and the landscaping elements are well integrated into the streets around them. The work of the four architects is commended and the scheme would deliver a high-quality new neighbourhood for London.

Speaker: (overspeaking) anyone who earns less than £100,000 is going to be (overspeaking)

Samantha Wells (Principal Strategic Planner, Greater London Authority, Case Officer):

I am talking about the design at the moment. Officers are suggesting that the architects or those of similar calibre are retained for the build-out stage and that will be secured under section 106.

Just to clarify the heritage impact, as said, English Heritage and the boroughs have objected to the scheme in terms of the impact on the listed terraces. I showed some townscape views, which I have just shown there. They consider that the scheme would harm the setting of the buildings in the conservation area. We set out in our report an assessment of this impact and officers concluded that whilst there may be some harm to the setting of the Calthorpe Street terrace to the right, we acknowledge the benefits of the scheme and consider this slight harm to be acceptable. The late representation paper from the borough received last night sets out that it maintains its position that the harm caused to heritage is not outweighed by the public benefits. Officers disagree and contend that the slight harm is acceptable due to the significant benefits of the scheme in terms of urban design, heritage, housing, affordable housing, jobs and place-making. On the view from St Andrew's Gardens, officers suggest that with the varied nature of the existing context and setting, the scheme would not harm the

setting. Overall, we consider the significance of the designated and non-designated heritage assets would remain unharmed. As I said, conservation area consent is required and you are charged with determining that today. Officers recommend that you do that.

We have prepared a draft decision notice but I note that Islington Council has raised concerns about the wording, which, as I said, is delegated to officers to agree, vary or add to the final wording of those conditions. We are satisfied that we can address that subsequent to any resolution.

That is just to show the structures that would be demolished, brick piers, gates and fences and some incidental buildings on the Calthorpe Street site.

Just to set out the residential amenity of the surrounding area, the boroughs have identified that it would have a harmful impact. We have commissioned a daylight-sunlight study. There has been detailed scrutiny by the applicant, the council officers and our consultant. Our consultant concludes that there are some areas where there would be some harm on daylight. However, having analysed these results in detail and the use of the rooms affected, we are satisfied that it will be acceptable and amendments to the scheme are not justified and changes to the scheme are not necessary.

This is just to show some of the key areas where there is an impact with the open aspect of the building of the site here on the Farringdon Road frontage, further up Farringdon Road and looking along Mount Pleasant with Laystall Court here. This is an open site and it is almost inevitable that there will be some impacts and rooms that fall below the recommendations when providing a new development of this magnitude in a central London location. This is noting that the British guidance is intended to be applied flexibly and to help rather than constrain design.

The late representations from the boroughs continue to set out objections to the scheme on the basis of the harm in terms of development and sunlight is not outweighed by the public benefit. The hearing report is very detailed in assessment, making it clear that there are a number of mitigating factors at play here and taking these into account, including the place-making principles, as well as the British research guidance and professional advice, we accept that the impacts would not be adverse.

The environmental statement sets out issues in relation to overshadowing, privacy and overlooking. We are happy on all those fronts that there would not be an adverse impact due to the orientation of the site. The distances between the windows are typical of London streets. There may be some changes to outlook given the open nature of the site now, but we are accepting that.

On energy and sustainability, just to run through that quickly, the scheme proposes 40% carbon dioxide savings against your 25% regulated savings, so quite a significant jump from your requirements. There are two energy centres and there would be future connection to a district energy network. Ground source heat pumps would provide for active cooling with the air conditioning. Islington Council has raised concerns about the proposed air conditioning,

but we consider that the minimal impact of that is acceptable as a reasonable provision in the scheme. Islington Council also has a policy. Your policy talks about “regulated emissions” and Islington’s policy talks about “unregulated emissions” as well. Given there is a 5% shortfall, we have considered that to be acceptable.

On other environmental issues, we have secured in the proposed conditions and green and brown roofs proposed. Sustainable urban drainage is raised as an objection by the Islington council. Again, it is set out quite clearly in your report that it is unviable for the scheme to achieve greater runoff rates and we are accepting that. On issues around air quality, archaeology, noise, water use and biodiversity are all acceptable and can be addressed by conditions.

Just to run through transport, as set out, there are a number of highways works proposed on the streets around the site and we have cycle hire docking stations, bus stop upgrades and pedestrian and cycle improvements to be paid for by the applicant and secured in the section 106 agreement. For the residential units, 119 parking spaces are proposed and that is a ratio of 0.17 per unit. Whilst the boroughs have objected to this level of parking and consider that the scheme should be car-free, officers are satisfied that the level proposed strikes a balance between promoting new development and encouraging alternative modes of transport.

On the issue about the refuge that was picked up on Farringdon Road, the scheme does include the relocation of the Royal Mail access point on Farringdon Road and there has been some detailed discussion about this point and whether it is possible to provide a pedestrian refuge in the centre of the road to enable pedestrian links from Wilmington Square to the development. Having looked at this in quite some detail, Transport for London (TfL) officers have concluded that it would not be possible to provide a safe and workable design. Whilst the councils have raised concerns about this, TfL officers consider that the alternative signalised crossings down at Exmouth Market and up at Calthorpe Street are close enough to ensure that connectivity of the site with the surrounding area remains acceptable.

Finally, just to run through the planning obligations and conditions, they are set out in the report. There have been several lawyer-based meetings to discuss the principal heads of terms between the boroughs, the applicant and ourselves. There do remain some outstanding points as set out in the report and the borough’s late representations but, as noted, the principal heads of terms have been largely agreed. The points where there is some disagreement are around the review mechanisms, the linkages, wheelchair-accessible parking spaces, work placements and apprenticeships in Camden in particular. As I said, we have been having the regular section 106 meetings and these will continue and the report recommends delegated powers to the Assistant Director to deal with that and that a decision be issued by 19 December.

A draft set of conditions has been produced in order to inform the hearing. These are in draft and some comments have been received by Islington Council officers. This was not sufficient time to enable discussion with the applicant in particular. As is commonplace, we would suggest that these are dealt with by officers who can agree, add, delete or vary any conditions subsequent to your resolution.

On that basis, we are recommending that you grant planning permission for the two applications and the conservation area consent subject to the conditions and reasons set out within the decision notices drafted and the prior completion of the section 106. Thanks.

Boris Johnson (Mayor of London and Chair): Great. Thank you very much, Sam, for a very full presentation. We are now going to go to the boroughs and they have a total of 30 minutes. I do not know who wishes to speak first, Islington or Camden. We have James Murray from Islington, Phil Jones from Camden and the viability consultant Andrew Jones. Who do you want to go first? You have 30 minutes all in.

Councillor Phil Jones (Cabinet Member for Regeneration, Transport and Planning, Camden Council): OK. Good morning. My name is Councillor Phil Jones. I am the Cabinet Member for Regeneration, Transport and Planning at Camden Council. The following representations are made jointly by the London Boroughs of Camden and Islington. Councillor James Murray, the Executive Member for Housing and Development, will speak on behalf of Islington and Andrew Jones of BPS Chartered Surveyors will speak on viability matters.

You will of course be aware that as yet there is no developer for this site. By the Royal Mail's own admission, construction work on the Islington part of the site is unlikely to start for at least another five years. This planning application is therefore nothing more than a valuation exercise that will determine the price that the Royal Mail will receive for the sale of the site.

You are being advised to accept the Royal Mail's offer of 24% affordable housing. Independent advice to Islington and Camden indicates that 42% affordable housing could be delivered, with 60% of these homes being let at social rent levels. In addition to our concerns about the number of affordable homes that will be delivered, we are also extremely concerned that there is a distinct lack of clarity about how genuinely affordable these homes will be. We strongly question whether the proposed levels will meet your own policies on housing affordability. With minimal detail provided by the applicant and a failure on its part to engage with registered providers to test the deliverability of homes at their proposed rent levels, there can be no certainty that the affordable housing offer forms a realistic basis for a future agreement between a developer and a registered provider.

If you approve this application and accept this affordable housing offer, the Royal Mail will receive tens of millions more for the sale of the site than it could otherwise reasonably expect to receive. This windfall payment will be at the expense of genuinely affordable homes for hundreds of ordinary Londoners. The choice that you must make is therefore very simple and we ask you to put local people and our local area first. However, if you favour the Royal Mail's windfall land receipt over affordable homes, your decision will be in direct conflict with national planning policy guidance. This states that in all cases policy requirements, planning obligations and Community Infrastructure Levy charges should be reflected in land value. Your own viability consultants have acknowledged that they have disregarded this guidance.

We urge you to refuse this application for the following reasons. First, we urge you to refuse this application on the grounds that the affordable housing offer is wholly unacceptable. (1) It fails to comply with London and local planning policy, which requires that the site should deliver the maximum reasonable level of affordable housing. (2) It is based on incomplete, misleading and deeply flawed viability evidence which is inconsistent with Government and industry guidance. (3) We simply cannot understand how your officers can reach a view on the affordable housing offer because it is lacking in substance and you simply do not have enough information before you to make a decision on a matter that is absolutely central to your decision-making. Based on the minimal information we have received, we believe it to be highly questionable that these homes will be genuinely affordable and it is unlikely that the proposed rent levels will meet your own affordable housing policies. (4) Your officers have also failed to secure proper and necessary terms for the financial viability review mechanisms. These mechanisms are critical in meeting planning policy that aims to secure the maximum reasonable amount of affordable housing that the scheme can afford to deliver. The essential principles of this view are absent and, in not setting out the minimum expectations at this stage, your officers are inhibiting the GLA's own ability to secure a meaningful form of viability review.

The second reason we believe this application should be refused is because your officers' recommendations do not properly secure essential linkages between the Camden and Islington parts of the site. These linkages will ensure that the two parts of the site form a single development. These linkages are absolutely essential for the proper planning of the area and to ensure that the proposal complies with both councils' planning policies. We consider that your officers' report is misleading regarding the actual prospects of achieving agreement on these matters. If your officers have been unable to secure an agreement on this critical matter in the nine months since the call-in, what prospect is there of anything meaningful being delivered after a hearing that has effectively deprived you of an opportunity to make a properly informed decision?

Turning to other matters, the GLA officers accept that there is harm caused to neighbouring residential amenity through loss of daylight and harm to the setting of statutorily terraced properties and the Bloomsbury conservation area. Your officers accept car-parking as part of the development, even though it is in a highly accessible location that already suffers from very poor quality. They accept that the scheme fails to meet the borough's local policies on sustainable urban drainage in this critical drainage area, as well as allowing unnecessary comfort cooling for the private flats. Additionally, the scheme no longer provides a pedestrian refuge on Farringdon Road, thereby reducing the connectivity of the site to the wider local area and reducing the green chain benefits of the scheme. Your officers are balancing the public benefits that they consider that the scheme provides against a conflict with policy and the harm created by the development to the local area. You must therefore be absolutely satisfied that the affordable housing offer is acceptable as you are otherwise accepting a range of negative impacts on the local area, together with a wholly inadequate provision of affordable homes for local people.

We will now start to set out our concerns in more technical detail. The basis for the Royal Mail's offer is a viability assessment undertaken by their advisers, Gerald Eve. This assessment has been found to be flawed by the council's independent advisers, BPS, and initially by your own advisers, GVA. Our concerns have been expressed to your officers in great detail throughout the negotiation process and I hope that you will consider our detailed representations on this matter particularly carefully.

I will now hand over to Andrew Jones of BPS, who will summarise our concerns.

Andrew Jones (Partner, BPS Chartered Surveyors, Viability Consultant): The applicant has sought from day one to secure a consent which serves to protect the applicant's right to an excessive land value irrespective of the implications this has for delivering affordable housing. I cite in support of this contention the fact that from the applicant's first submission in February 2013 to its latest submission in August 2014, its view of site value has remained unaltered at a level much higher than would normally be considered acceptable. This view has not deviated with significant changes in house prices, a doubling of the affordable housing offer, the introduction of CIL in Islington and the requirement for further viability reviews and irrespective of whether a current-day or growth-based appraisal model is adopted. It is hard to believe that when all else changes, land values should remain a constant unchanging factor.

Underpinning this position is the applicant's view that market sentiment alone should dictate land value and consequent on this the planning obligations that can then be supported. This view is now supported by your advisers, in contrast to their earlier views, and this has determined the affordable housing provision now under consideration. The applicant contends that land value is not affected by planning policy but by market sentiment. Therefore, in effect, the requirement for a given land value determines what planning obligations can be provided, if at all. This view is contrary to the statutory framework for planning, which is plan-led, and Government guidance which suggests plan policies such as the provision for affordable housing should be reflected in land value. The applicant's views fundamentally undermine the basis of the planning system.

The applicant contends that today's decision is an irrelevant consideration in determining the value of this site. If this is genuinely the case, then why is the applicant - who intends to sell this site to a developer - taking such pains and expense to secure a planning consent if not to protect its aspirations for land value through the planning process? The applicant's views and its actions are therefore clearly at odds with one another.

It is not just the apparent land value requirement which causes concern. It is also the adoption of an unrealistic approach to determining viability and unjustified assumptions which artificially depress viability and the affordable housing offer. This approach distorts viability and provides further scope for an enhanced land value at the expense of affordable housing.

Assumptions which the councils and I contend have not been adequately challenged in your officers' report and which I now highlight.

A. Neither we as advisers to both Camden and Islington Councils, nor the GLA or your advisers, have been provided with access to the working financial model on which the applicant's viability case rests. In my wide experience of advising local authorities in London and the southeast, this is unprecedented and raises concerns about the transparency of the current process and the likely prospects for transparency within any future review process.

B. The valuation of the site is primarily informed by superficial consideration of other unrelated land sales and the aspirations of the landowner rather than the viability of the current scheme or the impact of adopted planning policies. Your advisers state in their August report,

"We consider that there is the possibility that the proposed scheme does not optimise the value of the residential element. We are therefore cautious about relying heavily on the outcome of the appraisal of the actual scheme in order to assess the market value."

It still remains unclear on what precise basis the suggested land value of either GVA or Gerald Eve has been derived.

C. The enabling works are largely intended to preserve the existing servicing and parking arrangements required by Royal Mail to serve its retained sorting office. The benefit of these activities remains with Royal Mail at two levels. Firstly, there is no loss of its existing functionality and therefore no loss of existing use value currently enjoyed by Royal Mail from these sites. Secondly, the works create a clear development site with foundations for development in place, yet there is no reflection of the benefit received by Royal Mail from these works in any land value adjustment. The entire price of these works is reflected in lower levels of affordable housing.

D. The council's former advisers, DVS, maintain that some elements of the proposed enabling works were not necessary to deliver the housing development. They argued that the true costs should be some £7 million lower than the figure adopted by the applicant in its financial modelling, including the appraisal on which your officers based their recommendation. Your officers did not see fit to investigate the legitimacy of this cost.

E. The financial model for valuing this scheme assumes upfront land payments for Phoenix Place and the Calthorpe sites. It is then assumed that the developer will willingly wait 12 months for vacant possession of Phoenix Place and some 57 months - or four years and nine months - before vacant possession is provided for the Calthorpe site. At no time have your officers asked why this land payment assumption has been made or what its justification is. It is also contrary to the programme produced by M3, Royal Mail's project managers, who show payments on vacant possession. Scope clearly exists for the applicant to vary this assumption and recoup the benefit in an enhanced land value.

F. When your advisers were questioned on the potential impact of payment at the point of vacant possession, a declaration was given by GVA that any extra viability arising would be exactly offset by a corresponding increase in land value. Given that the GVA did not have

access to the appraisal model and there is no record of such a scenario having been run, nor of any evidence behind what that higher later land payment would or should be or how that number would be reached, this would appear to be an unsubstantiated conclusion to offer, particularly where a significant change in the viability of the scheme would result. That was raised in the May GVA report and was subsequently deleted without explanation from its August report without justification of how this concern was tested or addressed, and is consequently all the more alarming to the boroughs.

G. The timing and scale of upfront land payments have significant implications on the calculation of apparent profit. The applicant measures developers' profit using an internal rate of return. This is a time-weighted basis for assessing profit that effectively discounts the return by the length of time over which it is received. Naturally, the larger the upfront costs and the longer the period before recouping revenue from the scheme, the lower will be the resultant profit and overall scheme viability. If the timing of the land payments cannot be justified, or is subsequently varied to match M3's suggested programme, then it is evident that the current assessment of apparent profit is fundamentally flawed. Without adequate review provisions to capture these aspects, the net result will be a still higher land value.

H. We are also asked to believe that any requirement to deliver the scheme as a single development would represent a prohibitive outlay of capital relative to the risk of movements in the market over the development period, yet the very significant outlay of land costs and the even more significant delays before construction commencement assumed in the applicant's modelling are apparently acceptable. Surely this is a fundamental contradiction.

I. It is acknowledged that the profit is a function of risk. We are all familiar with typical default returns to developers on private development of 20% gross scheme revenue. The only major difference between this scheme and any other development scheme is the artificial risk of assuming a delay of almost five years from buying the Calthorpe site to the point when you can start development. This is reflected in an IRR of 20%, but the more usual profit on gross private revenue equates to over 30% after allowing a typical 8% return on the affordable housing element. Without the unjustified land payment assumptions, the proposed IRR profit measures would not be radically different from other, more typical profit allowances.

J. In this instance, your officers have decided the applicant's profit target of 20% IRR is acceptable, based on their experience, citing just one example of the Shell Centre, which is, I understand, subject to legal challenge because the viability information was not before the decision-maker. This level is regarded as excessive by the councils, and has not, in our view, been adequately or transparently examined. No proper justification has been provided for why the applicant was willing to accept DVS' prior estimation of what contributions were required when a profit level of 18% was reached, yet promptly after the call-in, 20% became necessary. The ability to radically change the cash flow profile of this scheme by adopting alternative assumptions has not been considered in looking at profit and risk. In fact, the only test of these assumptions has been to model development coming forward in Phoenix Place some 12 months earlier, which clearly misses the wider points at issue.

K. Since this application was submitted, Islington CIL has been introduced. The National Planning Practice Guidance (NPPG) states:

“In all cases, land or site value should: reflect policy requirements and planning-led obligations and, where applicable, any Community Infrastructure Levy charge.”

Yet despite this clear and unequivocal guidance, your officers’ report suggests that the market has not had time to adjust to reflect the imposition of this charge, and therefore there should be no impact on land value. Therefore, the entire £5.3 million cost has been reflected in the adjustments to the affordable housing offer. Considering the site is yet to come to the market, the notion that prospective purchasers will somehow continue to formulate bids for land, ignoring this fundamental development cost, is hard to believe. It is much more relevant to consider why the land value should again be protected from the impact of planning policy, when this is clearly at odds with national planning guidance. Indeed, the examiner to your own CIL charging schedule was clear that a reduction in development land value is an inherent part of the CIL concept.

In summary, I conclude my statement as I began it, with the view that this application is specifically aimed at protecting land value to the applicant, to the detriment of the affordable housing provision. It is quite clear that fundamental aspects of the viability of this application are flawed, and remain to be adequately or properly considered, making your officers’ conclusions about it maximising affordable housing delivery unsafe. Your officers recommend that detailed provisions for the reviews of viability should be addressed through delegated authority. In this respect, it should be noted that as yet we have no developer for the scheme. No land deal has been negotiated, and the timing of land payments in enabling works remains to be determined. Yet even though these factors are fundamental to viability, they will not be picked up through the current review proposals unless the scheme is not implemented within three years from grant of consent. Under Royal Mail’s proposals, it is highly likely that half of the development would not be subject to review, and with second review would be ineffective. The facts should clearly inform affordable housing delivery, and not be hidden from view according to progress on delivery. As with many schemes across London, the initial reviews should not be conditional, because it is needed to determine whether or not the assumptions that are before you are reliable. I will now hand over to Councillor James Murray.

Councillor James Murray (Executive Member for Housing and Development, Islington Council): Thank you, Andrew. Mr Mayor, we have heard why the amount of affordable housing being offered by Royal Mail is wholly inadequate, but I want to also address briefly why we think it is not genuinely affordable at all. You know well our views on this that it is not affordable, but can I explain why even under your own terms it will not work as an offer?

The Royal Mail has only offered us an average rent level of 44% market rent with a maximum rent level of 60% of market rent across all the affordable rent units, and we have had to carry out our own testing to understand how this approach could result in a range of affordable rents across the proposed unit sizes. Based on these market rent levels determined by Royal Mail, the proposed average affordable rent level of 44% market rent would, for

three- and four-bedroom flats, lead to rent well in excess of the local housing allowance rate, which is your own cap for the maximum affordable rent level, and it would come very close to that cap for two-bedroom properties. With 55% of the affordable rent units being three-bedroom and larger, it simply is not credible that these homes could be passed on to a registered provider to achieve an average 44% rent level stipulated in the offer. Similarly, we have estimated, based on local prices, that the total housing costs on a two-bedroom intermediate unit would be estimated at over £2,000 a month for a purchase of a 30% share with a £50,000 deposit. We cannot see how this works.

Moreover, there can be no certainty that the offer actually bears any relation to the affordable housing values input into the viability appraisal. The Royal Mail has not provided sufficient justification or evidence for its valuation of the affordable housing units, nor has it responded to our requests to share its valuation so the approach could be properly scrutinised. This total lack of transparency also brings into question GVA's ability to conclude that the values are reasonable, particularly in light of the flaws and the inconsistencies that we have previously identified in the limited information that is available. Quite simply, Mr Mayor, unless you have a lot more information than we do or a very different understanding of the figures involved, you cannot be assured that this delivers truly affordable housing.

I will turn now briefly to the linkages between the two sites. Royal Mail has sought to separate the delivery of the Islington and Camden parts of the site, which is totally inconsistent with the viability approach being adopted. The financial viability assessment has been carried out across the scheme as a whole, and Camden has accepted a lower affordable housing offer on their site as a result of the costly enabling works on the Islington site. The two sites must, therefore, be brought forward as a single, linked development to prevent a lower level of affordable housing being provided in Camden than would otherwise have been possible.

Additionally, without proper linkages across the scheme, the scheme will have harmful economic and environmental impacts on the local area, both failing to comply with key planning policies. For instance, Camden has accepted that no office floor space or affordable work space will be delivered on its site because it will be provided in Islington. Furthermore, the open space necessary to serve the whole development is largely located in Islington, and Camden is being asked by the applicant to agree a lower open space contribution than would otherwise be necessary. Without the proper linkages in place between the two sites, it is perfectly possible for a developer to come along for a scheme for the Camden part of the site which is harmful in many respects, and residents would have to wait patiently for these effects to be rectified when the Islington site comes forward. You could have a situation where the Camden site gets built at and the Islington site sits there as a concrete-capped hole for many years to come. Whilst your officers' acknowledge in their report that some form of linkages between the sites are required, they do not seem to set out in detail how these will work, and in deferring a decision on these fundamental requirements to the scheme and passing them on to officers, I believe you are failing to make a decision on the core aspects of this scheme.

Royal Mail has also proposed terms for a viability review mechanism that would render these linkages entirely ineffective. Your officers' report suggests that many of the outstanding

concerns raised by the two councils could be fixed by a mid-stage viability review, but given the applicant is wholly opposed to committing to linkages between the first and the last two stages of development, the stages which would trigger the commencement of that review, the offer of a mid-term viability review is, at present, meaningless. The GLA recommendation to defer the agreement of key issues that go to the heart of the planning application gives us absolutely no reason to believe these matters will be adequately addressed. These matters should be clearly set out before you and your proper consideration at the hearing, and counsel should be given the opportunity to present you their case.

I will now conclude our joint representations. The level of affordable housing being offered by Royal Mail is well below the levels that we know can reasonably be provided, and it remains to be demonstrated that this housing will be in any way genuinely affordable. In addition, GLA officers have not fully understood or reflected the fundamental need to ensure proper linkages between the Camden and the Islington parts of the site. Without these linkages, we cannot be sure that planning policies will be met and harm avoided. We cannot be sure that local people will not be looking at a concrete-covered hole for years to come. Furthermore, this scheme fails to accord to planning policy in relation to car parking provision, energy efficiency, carbon dioxide (CO₂) reduction targets and sustainable urban drainage. Worse still, it has been accepted that it causes harm to the residential amenity of neighbouring residents and the setting of heritage assets in Camden. When balancing this harm against the public benefits of the scheme, you must ensure that the affordable housing targets of the scheme are afforded proper weight.

Moving on from this, you must also be entirely satisfied that the affordable housing offer, as evidenced by the financial viability assessment, has been properly scrutinised by your officers and advisers, and that planning policy requirements have been met. The approach taken by the applicant has inhibited the transparent assessment of the scheme as a whole. The officers' report is entirely wrong to suggest that the details regarding the viability reviews and site linkages can be satisfactorily resolved following the hearing. If this proposal is approved in its present form, it will not be possible to address these very significant deficiencies in the future. The hearing report fails to acknowledge that the Royal Mail objects to the very principle of the majority of the matters that are claimed to be resolvable after the hearing, and thus misrepresents the actual development proposals being put before you. With no developer on board, the applications for the development of this prime site are purely a cynical exercise by Royal Mail Group to maximise the value of the land asset at the expense of delivering homes for ordinary Londoners. We know that the 24% offer in no way represents the maximum reasonable amount of affordable housing that can be provided, taking into account both boroughs' 50% local planning targets as required by your London Plan. Should you accept this derisory offer, you will be handing over a huge windfall payment to the Royal Mail at the expense of hundreds of homes for ordinary Londoners, and, from information in the public domain, we believe this windfall to be at least £30 million. If you think the rents being proposed in this scheme by Royal Mail are in any way affordable, then I might quote yourself, Mr Mayor, "You must be from the planet Zog".

If I can close by putting this in the bigger context of Royal Mail, we know that the Mount Pleasant Sorting Office was one of three Royal Mail properties in central London which were

previously identified as being surplus to requirements in the privatisation last year, and, as I am sure you know, the National Audit Office and the Business, Innovation and Skills Parliamentary Committee have identified an undervaluation of the three sites, which contributed towards an undervaluation of Royal Mail when privatised, and it is estimated that this lost the public purse over £1 billion. We know the Royal Mail privatisation was botched, and I am sure you would not want to follow Conservative ministers or Liberal ministers in committing another sleight of hand by the Royal Mail almost a year after the privatisation first went ahead by giving this £30 million-plus cheque to Royal Mail. We would urge you to refuse this application and ask the Royal Mail to work with the two councils and local community to rethink this scheme. You will hear next from Mount Pleasant Association, which developed a scheme which has much stronger local support in the local area, and I believe it actually has a grant from the GLA to develop its details. Londoners are watching you, Mr Mayor, to see whether you will stand true to your commitment, made earlier this week in your speech, to build the homes that Londoners desperately need.

Boris Johnson (Mayor of London, Chair): Thank you. Thank you so much. Thank you so much. I think that is the allotted time for the councils.

Speaker: (several inaudible words)

Boris Johnson (Mayor of London, Chair): No. Thank you so much. Sorry.

Councillor James Murray (Executive Member for Housing and Development, Islington Council): Mr Mayor, given we have three minutes remaining in our 30 minutes --

Boris Johnson (Mayor of London, Chair): Go on.

Councillor James Murray (Executive Member for Housing and Development, Islington Council): -- may I summarise four questions which I am sure you would want to have answered in your own mind before making a decision you can be confident in?

Firstly, I believe you have to answer why your professional advisers have ignored planning policy, the NPPG and professional guidance in reaching their views on site value. You must be very clear on that. Secondly, you must be clear whether the rent levels will deliver affordable homes at levels that can, in practice, be delivered as affordable by registered providers. Thirdly, you must be clear that your officers will be able to secure adequate linkages between the Islington and Camden sites, and guarantee that the scheme will meet planning policies, particularly on affordable housing and open space, on both sites. Fourthly, you must be clear that your offices will be able to secure adequate viability review mechanisms that will secure the policy-compliant provision of affordable housing across the Islington and Camden sites.

Boris Johnson (Mayor of London, Chair): Indeed. Thank you. That is most helpful. Can I thank you very much indeed, to the councils and to Mr Jones? Thank you so much for very clear presentations.

Can we go to the objectors? We have, all from the Mount Pleasant Association, Mike Franks, Edward Denison and Judy Dainton.

Oliver Bennett (Mount Pleasant Association, Objector): Hello there. Hi. I am Oliver Bennett from Farringdon Road, opposite the Mount Pleasant site, and just before the deputation start, I would like to quickly explain the MPA and who we represent. Edward Denison, Mike Franks --

Boris Johnson (Mayor of London, Chair): Say your name again.

Oliver Bennett (Mount Pleasant Association, Objector): Oliver Bennett from the Mount Pleasant Association. Sorry, I am probably not in there.

Boris Johnson (Mayor of London, Chair): You are not down in it, but never mind. Who are you replacing?

Oliver Bennett (Mount Pleasant Association, Objector): I am not replacing anyone. I am just doing a one-minute introduction to the MPA and what it is.

Boris Johnson (Mayor of London, Chair): You are taking up some of the 15 minutes. I do not mind. Go on.

Oliver Bennett (Mount Pleasant Association, Objector): All right. Thanks very much. Anyway, the Mount Pleasant Association is a community organisation representing the neighbourhood. For over two years we have embraced the spirit of localism and we are now in the process of developing a neighbourhood plan for the area. Indeed, as the last speaker said, we recently won funding from the GLA's own Community Right to Build programme for this purpose. We are here as spokespersons for the large and diverse community surrounding this potentially fantastic site. The MPA has come to represent over 20 local groups with hundreds of people, many of whom are here today, we are pleased to say. All this can be seen on the following PowerPoint and indeed the MPA website. The long list represents many Londoners from a huge variety of backgrounds. We share with everybody a love for this historic district and we believe that development is necessary, of course, but that it should both serve the needs of all and leave a positive civil legacy to London. Indeed, we believe that way it will also serve best the Royal Mail's shareholders and United Kingdom taxpayers who are currently being short-changed by this scheme. Thank you very much. I think Mike is next.

Mike Franks (Chair, Mount Pleasant Association, Objector): Good morning. My name is Mike Franks. I am the Chair of the Mount Pleasant Association. I am an architect planner, I have lived in the area for 40 years and I founded the Clerkenwell Workshops in 1975.

Mr Mayor, please understand. We are not a protest movement. We are a legally constituted social enterprise and a registered charity, preparing an alternative scheme for the out-of-date fortress you have in front of you. Grant-aided by your own people, we have given ourselves

six months to produce our neighbourhood plan and frame our proposals to fit it. We ask that you also give us this time.

What began as a gut instinct by local people has matured into a certain knowledge that the proposals in front of you are misconceived. We know this because we have tested them professionally and set them against an alternative design that simply outperforms them. We are in for the long haul. We will remain active throughout the disruptive construction years. We may even build some housing and work space. As stakeholders, we make full use of what the Localism Act 2011 has to offer. Our new offices on Royal Mail's northern flank will be operational soon and we will foster all manner of community initiatives.

Royal Mail cannot continue to ignore us; neither should it try to fool us. The ridiculous 12% affordable offer is now double. What a predictable surprise. If we can see through these tactics, we hope you can. What went wrong? Something most definitely did, and probably at a very early stage. Somehow Royal Mail has ended up with a weak and underachieving master plan that has become yesterday's news. This forest of slabs and towers turns its back on its neighbours, and in its present form can never become a real neighbourhood. It is a scheme of little, if any, local awareness, designed around a totally misconceived concept. It fails to realise its financial and social potential, and no one will touch it as it stands. It already has a bad press, and any future investor is bound to redesign it. You were called in to speed it up and approval at this stage will probably produce much more delay.

We have shown that there are valid alternatives to the high-rise development with far better pedestrian desire lines and higher land values. How ironic that Royal Mail Group has paid for much of the research behind the planning brief, and then it chooses to ignore it when it suited it. Finally, it adopted an ill-conceived indicative layout, despite the warnings that it was merely one of many options. Saddled with this layout, the scheme was doomed from the start. Surely your officers saw through the attempt to offload the costs of a massive, new underground marshalling yard onto us. This 1.2-acre tin roof over this yard has been wrongly included in the density and viability calculations. It is a naughty bit of double counting, made almost comical by the landscape roof, misnamed "the meadow", that no one is allowed even to walk on.

Time moves on, but this scheme has not. We are told that these proposals are unalterable, so we have to assume that Royal Mail intends to plough on regardless of the new housing that is going to happen at Clerkenwell Fire Station, the TfL Cycle Superhighway along Phoenix Place, the proposal for a secondary school at Wren Street, redevelopment of Charles Simmons House, new housing proposals along Laystall Court and TfL's proposals for two Farringdon Road junctions. We all thought that go-it-alone master planning was discredited a long time ago. We have to think again.

Mr Mayor, two years of tokenism masquerading as public consultations have not dulled our commitment. We know we have a valuable contribution to make, but we need time to develop our plans. The end result will do you credit. The present scheme will only tarnish your name. I now pass on to Judy Dainton.

Judy Dainton (Mount Pleasant Association, Objector): Thank you, Mike. Hello. I am Judy Dainton. I am a pensioner. I live in Calthorpe Street and I am Secretary of our local residents' association and member of the Mount Pleasant Association.

I am talking briefly about objections to the Camden site, because the Camden site at this development is double the density of the Islington site, and these developers have put more of their housing on this site. It is absolutely disproportionate. The block plan contravenes the SPD, preventing decent connectivity or logical penetration to the site. It blights the views of the historic built environment that the local conservation area guidelines seek to protect. There are no decent streets through this monolithic housing block, just walkways. The concept is not London. This whole area deserves a proper, sophisticated, urban design, and this is certainly not it. It is a mess.

The location of tall buildings has been determined by public transport accessibility level (PTAL) rather than functionality or need, resulting in the profoundly insensitive proposals such as a 15-storey tower which will loom over local flats like Laystall Court and our local primary school, blocking out the last sliver of light to its entrance. We trust, Mr Mayor, you read the notice and watched the filmed messages that people at this school sent you last summer. If not, ask your officers because they have seen them.

Basically, these huge buildings proposed are all in the wrong places. They bear no sympathetic relationship to their existing neighbours; they just dominate. Provision of decent open space for public amenity is almost entirely absent on the Camden side of the site. This is bad enough, but made worse when considering the context that this is one of the most densely populated areas in the country. Holborn and Covent Garden Ward has the highest density of population in Camden south of the Euston Road, yet the Camden part of this site offers no proper open space, just some little courtyards, alleyways and a huge monolith of housing. It is not good enough. The housing provision is aimed at the commercial rental market, contravening the SPD, which advocates the creation of a stable, rigid and secure community. No doubt these flats will be let because of their location, but they will be expensive, the housing proposed is mediocre, the rooms are not very large, the finishing is average and the views are minimal. All in all, it is a poor, unimaginative showing and a slum for the future.

Boris Johnson (Mayor of London, Chair): You cannot have it both ways.

Judy Dainton (Mount Pleasant Association, Objector): No consideration has been given to the surroundings. The northeast corner of the site by the Holiday Inn is a treacherous traffic junction. The monolithic cliff-face of the buildings now proposed creates a grim chasm at the end of my street, and severs Bloomsbury from Finsbury, the point where, ironically, the two communities were first connected by a bridge over the Fleet. With no checks and balances of the quantity or quality of Royal Mail's vans that will be hurtling around our neighbourhood - and they are increasing in volume - our community has further been sacrificed so that Royal Mail can intensify its operations in the heart of our city. It is not good enough.

There is more to say and no time. Our fundamental objection is that the proposed concept, design and detail too often contravene the guidelines which are laid out in the SPD, the local planning regulations and the London Plan, yet your officers' report glosses over every transgression. Either we have planning laws and guidelines or we do not.

Thank you, Mr Mayor. I will hand over to Ed Denison.

Edward Denison (Mount Pleasant Association, Objector): Thank you, Judy. I am Edward Denison. I am a local resident. I teach at the Bartlett School of Architecture at University College London (UCL).

While one of the outstanding features of this process has been the absence of dialogue between the applicant and local stakeholders, another has been the volume of documentation and the contradiction between the planning guidelines on the one hand and the design and the assessment of that design on the other. In one word, it is double-speak. Summarising my objections and highlighting this double-speak, I will concentrate on three key stages of the process: the Supplementary Planning Document of 2012, the 5,000-page planning application of 2013 and your officers' report published last Friday.

The SPD stated that heights should respect and balance the existing heights and scale of the surrounding area but in the proposal, four storeys have become six, four to eight storeys have become nine to 12, and up to ten storeys have become 15. The GLA officers claim the scheme has broadly followed the guidance. They claim the proposed height, mass and bulk of scheme relates well to the scale of the surrounding development and the site's topography, and while acknowledging that the nine- and 12-storey elements go beyond the guidance, we are assured this does not cause any harm and provides well considered variety to the streetscape. Mr Mayor, who is the judge of harm? Why do we have planning guidelines if the person responsible for enforcing them wilfully permits their contravention?

Local conservation area guidelines demand that the new buildings should conform to the height, scale and proportion of existing buildings. The SPD cites one exception, the incongruously scaled Holiday Inn, but the Royal Mail's response is block H, an even more massive building, which officers claim is well considered within its townscape setting, is not over-scaled and would not detract from the character and appearance of neighbouring conservation areas. Mr Mayor, let me make this clear: the Holiday Inn is the one building highlighted in the SPD as being incongruously scaled, yet it is accepted as the benchmark for even higher buildings.

The same occurs with the 15-storey block opposite Christopher Hatton Primary School, which has appalled parents and teachers. Let us look at light loss. An acceptable loss is said to be 20%, yet rooms in Charles Simmons House suffer losses of 28%, and that is going to be demolished, and a bigger block is going in its place. Laystall Court, opposite the 15-storey block, will suffer losses of 45%. Sixty-one paragraphs of the officers' report deal with this subject, yet officers claim the proposed development would not result in a significant loss of sunlight to neighbouring properties. They acknowledged Charles Simmons House exceeds

the guidelines, but wave it through as being within flexible parameters. At Laystall Court, consultants admit the loss is “very significant”, but this fact is brushed aside as being:

“... adequate in the context of the location, especially [and this bit is almost comical] as it is understood that four of these windows serve bedrooms.”

The SPD advocates the reduction of carbon emissions, and both local authorities demand zero car ownership. The Royal Mail will increase vehicle movements from 2,000 to 3,000 vehicles a day. That is one vehicle every 28 second, 24/7. Bucking the trend of advanced cities everywhere, it also promotes private car ownership by providing 119 car spaces, but the officers’ report supports this scheme as an acceptable quantum of proposed car parking and will minimise carbon dioxide emissions. The city is choking. Mr Mayor, you recently received a Clean Air Award from C40. Surely, as a champion of clean air, you cannot condone Royal Mail’s disregard for the health and wellbeing of Londoners.

The SPD stresses the importance of landscaping. Used imaginatively and creatively, it gives life to the scheme and can improve its edges and corners. Here is a view of the main public space, a windswept concrete precinct with potted shrubs filling the void between 9- to 12-storey blocks and named “the garden”. Mr Mayor, I know you are a classicist, but if you will forgive me a pagan reference, we call this the Summer Solstice shot, showing the rare moment when the sun will shine on this sorry garden. Officers take a different view on this, and claim the scheme has well defined public and private spaces, amenity and play spaces.

The SPD repeatedly stresses the need for good connectivity and permeability. The proposal does not address desirable routes across the site, shown here in red, but instead encourages people to cross an impassable stretch of the busy Farringdon Road. It is badly planned and has poorly aligned connections that will encourage road accidents, but officers conclude the master planning principles are well considered and well integrated in the surrounding streets and movement network. This is untrue, and is demonstrated by specially commissioned analysis by Space Syntax, which I will share in a moment.

Finally, on housing, the SPD stresses the provision of affordable housing, especially for families. Less than a quarter of the proposal will be affordable, and that is less than half of local authority targets, but the officers say the scheme would make a significant contribution to housing delivery targets for the area. They also claim an internal rate of return of 20% is reasonable, and justify this by citing the Shell Centre plans. This is a simple equation; the higher the profit margin, the less affordable housing for Londoners. Mr Mayor, we have no objection to the Royal Mail seeking a healthy profit, but the Shell Centre case is in the High Court because of their demands for 20% IRR, and their development is so insensitive, the United Nations Educational, Scientific and Cultural Organisation (UNESCO) is threatening sanctions.

Finally, the officers’ report recommends you approve this scheme. We are asking for a deferral. We want six months to exercise fully the enormous talent and knowledge we have mustered over two years. The GLA is supporting us through the Community Right To Build programme. We are embracing localism and developing a neighbourhood plan. We have

attracted cross-party support in this assembly, and we are in the pre-application discussions with both local authorities. This report was published this week by Legatum and Create Streets. It outlines our proposals and what can be achieved in this incredible site if the planning process is conducted properly by civic-minded, visionary professionals. Mount Pleasant Circus and Fleet Valley Gardens has responded to the insights and needs of the community. It has captured the imaginations of the public and won widespread approval among planners, architects and potential investors. It is based on conventional streets, not towers and blocks. It provides 8% to 16% more housing. The scheme is much more popular among Londoners. Space Syntax analysis proves this scheme is 75% better connected to the surrounding streets than Royal Mail's, and this equates to greater value, between 17% and 34% more value over 40 years, which could pay for more social housing and offer millions to the British taxpayer, who still has a 30% stake in Royal Mail.

Mr Mayor, for your sake, for the sake of our community, for Londoners, for Royal Mail's shareholder and for the British taxpayer, you can prevent a tragedy and help create a legacy for London that will last. Six months is nothing for a site that will survive centuries. With the current scheme, everyone is a loser, but by deferring today you can make us all winners. We are confident that you will do the right thing for Londoners. We have gone to unimaginable lengths to prove that our plans are better, not just for us and for London, but for Royal Mail. By backing us, you are backing local communities, you are backing business and you are backing a vision of truly prosperous and civilised Britain, in keeping with your own values and principles. Six months will make all the difference. Thank you.

Boris Johnson (Mayor of London, Chair): Thank you very much. Thank you. Hello. Can we have Oliver Sheppard, please, from Dp9? Thank you.

Oliver Sheppard (Planning Consultant, Dp9, Agent): Thank you. As I say, I am Oliver Sheppard, Director at Dp9. We are planning consultants to the applicant.

Mount Pleasant is Royal Mail's most important operational facility. It houses a mail centre, or sorting office, in old money, and the local delivery offices for the City, Midtown and the West End. Royal Mail has recently invested heavily in modernising the existing facilities to ensure they are fit for purpose well into the 21st century. This investment safeguards more than 3,200 jobs at Mount Pleasant. Royal Mail and the British Postal Museum and Archive (BPMA) have recently obtained planning consent for the new postal museum, which will include public access into Mail Rail for the first time in its history. It is fully funded, and work is due to start in 2015. Royal Mail identified a regeneration opportunity at this site, and has been working collaboratively since 2010 with Camden, Islington, the GLA and its own operators to bring this to fruition. This culminated in the boroughs' preparation of a Supplementary Planning Guidance for this site. This was subject to widespread consultation in 2010 and 2011 and it was adopted by the boroughs in February 2012 and sets the basic development principles for the site.

London's priorities are clear. National strategic and local policy seeks to maximise housing delivery. Housing need is acute in London across all tenures, including affordable housing. The London Plan is in the process of significantly raising the minimum housing targets for

each borough. It is well established policy that 80% of London's new housing should be accommodated in its identified growth areas. Mount Pleasant is located in one such growth area, the Farringdon/Smithfield area for intensification.

Taking forward the adopted SPD in the context of that policy, Royal Mail appointed four of the UK's leading architects, including three Stirling Prize winners, Allford Hall Monaghan Morris, Feilden Clegg Bradley, Wilkinson Eyre and Allies & Morrison, along with landscape architects Camlins. The idea of using several architects came from the boroughs, which were keen, quite rightly, that the scheme produced a rich mix of architecture. The results are, in our opinion, outstanding, but not just in our opinion. They have been commended by Design Council UK and by GLA offices. Whilst we understand that the boroughs have misgivings on other matters, both have commented, and I quote from committee reports earlier this year:

“Whilst there may be alternative site layouts for this site, the site layout and master planning design principles proposed accord with the core planning objectives within the SPD, site allocation and area-specific policies and result in a very high-quality layout.”

The scheme would complete a hole in the urban fabric, providing new links across the site for the first time in its history. The proposals would create three new public spaces: the garden, Coley Square and the civic square opposite the new postal museum. Half the site is in fact open space. The site has 30% less density than the adopted SPD. Phoenix Place, the street itself, would be civilised, with continuing vehicle access for the mail centre and other businesses, but with pedestrian-friendly design.

The architecture and detailed design is contemporary. The materials and variations between the different building designs have been described by your officers as being “of the highest quality”. The heritage impacts have been fully assessed in the context of policy and the statutory principles, and found to be acceptable in the varied context of the site and when assessed against the public benefits of the scheme as a whole, for reasons set out in the officers' report. The proposals will deliver new shops, cafes, restaurants and business space, including affordable work space. The scheme would deliver 681 units, of which 163 would be affordable. The scheme would deliver 80% of the minimum housing target for the Farringdon growth area I mentioned earlier. The scheme would also deliver just under £20 million of contributions through the section 106 and the community infrastructure levies.

Turning now to affordable housing in more detail, the amount of affordable housing to be delivered has been devised through viability testing and the policy of maximum reasonable principle. The delivery of this scheme is complex, occurring as it does within an operational Royal Mail facility. It can only be brought forward by undertaking significant enabling works to separate the operations, freeing up the plots for residential development. This involves creating Royal Mail's car parking beneath the existing sorting office, reordering the access to loading bays on two levels, one above the other. It also involves building a roof span over the loading area between Farringdon Road and Phoenix Place so that the operations can continue beneath and next to a new residential neighbourhood. This roof is a specific requirement of the SPD. Some of the enabling works have already started and the package that forms part of

the application on the Islington side is directly and only needed for the mixed use scheme. There is no business advantage to Royal Mail Group's (RMG) operations to undertake these works. Put very simply, there would be no development site at all on the Islington side without the enabling works, and the cost of those works is shared across both sites to achieve a respectable level of affordable housing in both boroughs. In effect, the Camden plots are cross-subsidising the development so that there is an equal share of affordable housing across the site and this is a principle that was established in the jointly adopted SPD for the site by the boroughs.

The viability case has been extensively debated, starting more than two years ago. As you have heard from the officers' presentation, by adopting present-day values and costs, the scheme would have not been able to sustain any affordable housing. Therefore, in an effort to go as far as possible or to meeting the borough and Mayoral objectives, we have taken a more optimistic, constructive, but also a riskier stance by using a financial model based on growth. By this, I mean growth in sales, costs and other inputs to the model. By risk, I mean basing a model on forecasts. Such an approach was endorsed by the boroughs' original independent providers, the DVS. The second independent review was carried out by GVA for the Mayor and through negotiation this offer has been doubled from 12% to 23.9%. The affordable rent component of this has been tested and your officers have satisfied themselves that it can meet affordable rent level for Londoners. It is proposed that a blend of rent levels at an average of 44% of full market rental value, which is almost half what it could be under present policy. The actual rents would be set within the context of the viability case that has already been presented, any available funding available at the time, and involving the developer and the registered provider. Two independent experts have now concluded that this represents maximum reasonable, or indeed even more than can be justified. Therefore, three leading valuers have concluded that the offer represents the maximum reasonable. We understand and you have just heard that the boroughs' advisers do not accept this as the case and this is something we have agreed to disagree on.

Royal Mail has gone even further than adopting growth assumptions and doubling its offer. It has now committed to two financial reviews of the viability case, the first is not substantially advanced on the enabling works within three years, and the second prior to the start of the final two phases. The first review not only provides a significant incentive to convert a planning permission into housing delivery on the ground, it also creates a direct linkage across the borough line and presents the residential from coming forward in Camden until enabling works have started in Islington. You have heard from the boroughs that there ought to be a different and more extensive review of linkages between phases. In our view, such provisions would be onerous and increase development risk. The detailed wording of the phasing and linkages is proposed to be delegated to officers, as is standard practice across London, but the principle of linking the two sites to ensure comprehensive development of the entirety is something we have accepted. I emphasise that the enabling works are complex and costly and would only be undertaken to enable the Islington site to accommodate housing. Therefore, the linkage between these works and the Camden site is the right one.

In conclusion, if I can summarise seven points, firstly, the project safeguards 3,200 jobs at Mount Pleasant. Secondly, the scheme ensures significant housing delivery and hits 80% of

the minimum planned housing target for the Farringdon growth area. Thirdly, it is a great scheme by four acclaimed architects, strongly supported by the GLA and Design Council UK. Fourthly, it is a complex scheme with significant enabling works to be completed before any housing can be built on the Islington site. Fifthly, the viability case has been tested thoroughly and found to be robust by your advisers. Sixthly, we have agreed two financial reviews of the viability, both to incentivise development and to provide the right checks and balances. Finally, we have agreed linkages in principle between the Camden and Islington plots, which encourage the comprehensive delivery of the project as a whole. This is an important scheme for Farringdon, Camden, Islington and London. If granted planning permission, Royal Mail would move quickly to engage the development industry to convert this into a new community for London. It should be granted planning permission.

Boris Johnson (Mayor of London, Chair): Great. Thank you very much indeed, Mr Sheppard. You might as well just stay there, if you will, because I am going to ask some questions in no particular order. I may fire them around a bit and I will then go off and see whether I can come up with a decision today. If not, I will come back and I will tell what I have decided or I will tell you I have decided to defer my decision.

Firstly, I just want to ask the applicant about this whole business of the cost of the platform and the £30 million. It is probably a question for you, Mr Sheppard, which is: if I understood Mr James and Mr Murray correctly, there is some dispute about the assessment of this cost and the view is it should be £6.7 million lower than is currently being suggested. Can you answer that point? Did you pick up that point on the cost of the works? What is your answer to that?

Oliver Sheppard (Planning Consultant, Dp9, Agent): Our response to that is, as I said earlier, that these works are very complex. The figure that has been used in the viability work is in fact the figure that was originally agreed at the time that DVS was the adviser to the boroughs.

Boris Johnson (Mayor of London, Chair): All right. You are throwing that back at DVS and you are saying that it is a complex calculation and it is a very expensive job and it agrees that --

Oliver Sheppard (Planning Consultant, Dp9, Agent): It is a complex calculation. Obviously at this stage it is an estimate, but it is something that we have absorbed into the appraisals that have been discussed and have been scrutinised by GVA on the GLA's behalf.

Boris Johnson (Mayor of London, Chair): The cost is about £30 million, is it, for building this platform?

Oliver Sheppard (Planning Consultant, Dp9, Agent): It is not a figure that we have divulged, but it is a very significant figure in the many tens of millions of pounds.

Boris Johnson (Mayor of London, Chair): All right. Is there any reason for it not being divulged?

Oliver Sheppard (Planning Consultant, Dp9, Agent): What I mean by that is that it is one of the financially sensitive matters which have been subject to discussion between and acknowledged with the boroughs and the GLA officers and the GLA's advisers. What I mean is it has not been published.

Boris Johnson (Mayor of London, Chair): All right, but you dispute --

Speaker: Some people call it fiddling the figures.

Boris Johnson (Mayor of London, Chair): All right. I think most people looking at the site would accept that it is obviously going to cost a pretty penny to build a platform over that car park, which is basically what is envisaged, but I do not see why we cannot have a ballpark figure for the --

Oliver Sheppard (Planning Consultant, Dp9, Agent): The figure that we have concluded is around £40 million.

Boris Johnson (Mayor of London, Chair): All right. OK. The cost of building and labour is going up the whole time. I can imagine that things are inflating. Can I ask a question then about the 20% IRR, which I think was disputed by Islington and Camden? It was suggested that only in the case of the Shell Centre was this being sought elsewhere. What is the answer to that? I might go to our valuer, Charles Trustram Eve, as well.

Charles Trustram Eve (Director, GVA Grimley, Valuer): We were not asked to pass comment on the profit figure to adopt, but I can tell you from direct personal knowledge that 20% has been used elsewhere. For example, the BBC Television Centre application by Stanhope was recently approved by Hammersmith & Fulham.

Boris Johnson (Mayor of London, Chair): All right. OK. Any comment you wish to make on that, Mr Sheppard, on the 20% generally?

Oliver Sheppard (Planning Consultant, Dp9, Agent): I would echo the comments that 20% is a figure that has been used on a number of bases for projects of a similar complexity over a lengthy period of time with a number of buildings within a master plan, so I agree with the comments just made.

Boris Johnson (Mayor of London, Chair): OK.

Speaker: Twenty per cent per annum, is it not?

Boris Johnson (Mayor of London, Chair): Thank you. Could I just go to the whole issue of the affordability of the so-called affordable homes? Plainly, any addition of affordable homes in London is a good thing, but this scheme would add 160-odd, 98 of them at affordable rent. Can somebody possibly tell everybody? Sam, maybe you should try to

explain why you think these homes would be affordable and it seems to be the view of Islington and Camden that they would not be.

Samantha Wells (Principal Strategic Planner, Greater London Authority, Case Officer):

Obviously the applicant is not a house builder, and it will be obligated to engage with a developer in the future to build the homes, and at that point a registered provider or a registered social landlord (RSL) would have to be engaged to deliver the affordable units, and that would involve them entering into a contract and a deal over what the affordable rent units are worth and the registered RSL then going out and ensuring that the rents do not exceed the Local Housing Allowance (LHA).

Boris Johnson (Mayor of London, Chair): All right.

Samantha Wells (Principal Strategic Planner, Greater London Authority, Case Officer):

Basically, what the applicant has done is future-proofed the planning permission and demonstrated that it can deliver 98 affordable rent units, with an average of 44% of --

Boris Johnson (Mayor of London, Chair): Of market rent.

Samantha Wells (Principal Strategic Planner, Greater London Authority, Case Officer):

-- local market rent, and that it is obligated to achieve that through the section 106 agreement, and then down the line, when a registered provider is engaged, it will then have to ensure that the rents do not exceed the LHA.

Boris Johnson (Mayor of London, Chair): Of the 98 affordable rent homes that are going to be provided, none of them would be allowed to exceed the LHA, the benefit, which --

Samantha Wells (Principal Strategic Planner, Greater London Authority, Case Officer):

That is part of the --

Boris Johnson (Mayor of London, Chair): If you had a flat at 50% of market rent, for a two-bedroom flat, just going by the document you sent me last night, going for £325 a week, even though the Local Housing Allowance is at £299, £34 a week, somehow or other the rent of that flat would be kept under that cap, would it?

Samantha Wells (Principal Strategic Planner, Greater London Authority, Case Officer):

Yes, because obviously the applicant has committed to the rent not going above 60%, and obviously it can go down to 20%, so it will be a range of rent levels anticipated to be delivered by the registered provider, that it makes sure that they fit within the LHA.

Boris Johnson (Mayor of London, Chair): Yes. If you had a flat at --

Speaker: (inaudible) £375 a week. The fraud.

Boris Johnson (Mayor of London, Chair): Obviously it is material that it will be underneath the cap, if --

Samantha Wells (Principal Strategic Planner, Greater London Authority, Case Officer): You would get a housing allowance that meets it.

Boris Johnson (Mayor of London, Chair): If you are underneath the Local Housing Allowance, if you have a flat at £260 a week, a two-bedroom flat at 40% of market rent, you would be comfortably under the LHA.

Samantha Wells (Principal Strategic Planner, Greater London Authority, Case Officer): Yes.

Justin Carr (Strategic Planning Manager, Greater London Authority): Yes. If you trawled through the Local Housing Allowance --

Boris Johnson (Mayor of London, Chair): You get all your rent paid for by the state?

Justin Carr (Strategic Planning Manager, Greater London Authority): Yes, but that is through the GLA framework that your Housing and Land team operate with housing associations and that would be controlled through that mechanism.

Boris Johnson (Mayor of London, Chair): On the issue of linkages, which occupy quite a lot of time, this seems to be very important, and it is very important that the things should happen together. What reassurances can we get? The issue is that no part of the scheme should be developed fast, leaving other bits - the affordable housing, for instance - left behind, or Camden should not leap ahead, leaving Islington behind, and so on and so forth. That came over very powerfully in the presentations from the councils, and indeed from the objectors. I am concerned that --

Samantha Wells (Principal Strategic Planner, Greater London Authority, Case Officer): We have made it quite clear. The viability case that is being presented is a holistic, comprehensive scheme covering the two sites. If the Phoenix Place scheme came ahead on its own, obviously it would not have the enabling costs wearing it down and it would be able to deliver more affordable housing, so those enabling costs are actually impacting across both sites. What we will be seeking to do is ensure that there is a linkage so that down the line when the scheme is developed by a house builder or house builders, the scheme is delivered as a master plan in a comprehensive fashion, that there is not an opportunity to sever the two schemes and deal with a future application independently of the other if they were to come forward, and there would always be that link between the two schemes so that you can look at viability in the whole, in particular, and the place-making principles. We are quite clear that those are details, much like an outline application, for instance, on convoys. More recently a phasing and delivery plan would be secured through the legal agreement, so you are perfectly entitled to agree the principle of there being phasing and linkages and the detailed wording to be dealt with by officers.

Boris Johnson (Mayor of London, Chair): All right. All right.

Stewart Murray (Assistant Director - Planning, Greater London Authority): We are content, Mr Mayor, that the appropriate safeguards will be not only put in place, but the final detail of the technical wording will be shared and they will be consulted with (overspeaking)

Boris Johnson (Mayor of London, Chair): That seems incredibly important to me.

Samantha Wells (Principal Strategic Planner, Greater London Authority, Case Officer): As I said, we want to ensure that there isn't cherry-picking, that you cannot just partially do one and then forget about the enabling work costs and all that, so we do want to make sure there is the glue that sticks the schemes together.

Boris Johnson (Mayor of London, Chair): All right. Can I just ask? Just going to the boroughs now, there is a lot of feeling here in this Chamber and a lot of anxiety about this scheme, but I just want to check one thing, which is really about the core objections that you as boroughs have to the scheme that is currently proposed. I noted what Mr Sheppard had to say about the view of your planning committee or the officers about the architecture of the scheme and so on, which seemed to be a view that was volubly dissented from around this assembly room.

If I understand it correctly, the view of Islington and Camden is that this is all basically fungible and you do not necessarily vehemently object to the style, the architecture or the streetscape, but you are more focused on the quotient of affordable housing and you are prepared to compromise on the look and feel of the development if you get better satisfaction on the affordable housing. Would that be a fair representation of where you are? I am just asking the council.

Sarah Ricketts (Planning Officer, Islington Council): My name is Sarah Ricketts. I am the case officer representing Islington Council. In terms of the decision that was made at the planning committee, had Islington Council remained the planning authority, the council did not raise an objection in terms of the master planning principles of the scheme. What you are saying is correct. The presentation was well put forward in terms of the key objections relating to harm to the sunlight, daylight and residential amenity of adjoining properties, harm to the heritage assets of the adjoining properties and the balance of public benefits and the very serious concerns that have already been outlined, that the financial viability has not been properly tested to balance --

Boris Johnson (Mayor of London, Chair): OK. I am most grateful. I am most grateful. I think things have been jumbled up here, and I just want to go back to the very beautiful, if I may say so, proposals that were made by the Mount Pleasant Association and the idea for (overspeaking). Just to ask the councils whether they had received any such applications and whether you are aware of any developers willing to finance such proposals?

Councillor James Murray (Executive Member for Housing and Development, Islington Council): I can tell you, Mr Mayor, that the Mount Pleasant Association has shown me the documents. It had a meeting, I believe, arranged with our planning officers to go through pre-application discussions about the proposals so this can move at pace.

Boris Johnson (Mayor of London, Chair): All right.

Councillor James Murray (Executive Member for Housing and Development, Islington Council): I believe it has a large grant from the GLA to do this work. I am sure your right hand and left hand are in total co-ordination, but it would obviously be somewhat --

Boris Johnson (Mayor of London, Chair): We support beautiful schemes everywhere, as you know.

Councillor James Murray (Executive Member for Housing and Development, Islington Council): I am sure you do, but that would obviously be almost vaguely undermined, should you give approval to this scheme today.

Boris Johnson (Mayor of London, Chair): Not necessarily. Not necessarily. Could I ask about the dispute over the valuation, which was one of the questions that you threw at me at the end of your presentation, Mr Murray? We have heard from Mr Sheppard that he thinks that the cost of doing the platform, whatever you want to call it, the building over the car park, would be about £40 million. Your point is that allowing this to be offset against the whole economics of the scheme is in some way wrong, and that Royal Mail should be - if I understand what you are saying correctly - reaching into its pocket, because it used to be a public sector body, and jolly well financing it itself, and to allow them to feed the £40 million or whatever it is into their calculations is for us to write them a gigantic cheque.

Could I ask whether Islington Council is in the habit of spending large sums of taxpayers' money to get sites ready for developers, tens of millions of pounds, to make things happen in that way? Is that something that you would normally consider doing, or would you want it considered as part of the general cost of the whole scheme?

Andrew Jones (Partner, BPS Chartered Surveyors, Viability Consultant): There are several parts to that question. The first part I would answer is the fact that first of all, as has already been said, there was the suggestion that DVS was in agreement with the applicant about the cost of these works. I will have to set the record straight on that matter: there is a difference between the figure that has been outlined in global terms and the figure that DVS confirmed to the councils.

Secondly, we ought to look very closely at what those enabling works are in deciding whether they should be a cost to the scheme or a benefit to Royal Mail. If we were, for example, looking at, say, decontamination of the site, it would be a genuine cost in that it had to be addressed and it had to be done. What we are talking about here is actually preserving the operational capabilities of Royal Mail's Sorting Office, for what other benefit than for Royal Mail? If Royal Mail was not within Mount Pleasant Sorting Office, then you would not need the capping structures. You would not need the car parking. These are activities that Royal Mail is taking forward in order to be able to bring the site forward, in order to raise money. Therefore, the question is: should those works be seen as a benefit to Royal Mail?

Boris Johnson (Mayor of London, Chair): I understand. Surely, in crude terms, the development, the housing and the park and all the rest of it is impossible without the podium.

Andrew Jones (Partner, BPS Chartered Surveyors, Viability Consultant): Yes, that is true, but I would repeat the fact that if the sorting office activities were not there, then you would be looking at those sorts of things being created at ground level, not necessarily on a very expensive concrete podium structure.

Boris Johnson (Mayor of London, Chair): It seems to me to be essential to the construction of the homes to build the platform, and the cost entailed in doing that, it seems to me only logical that you have to view that as part of the whole project. I was just interested in whether it was genuinely thought of as part of Islington's way of doing things to spend money in that way.

Could I just ask about the affordable quotient? I think in the letter that you sent me last night and in what you said this morning, the boroughs both point out - at least Islington does - that you think you could get 42% affordable on this site. I just wonder how often you actually do achieve 42% in Islington.

Councillor James Murray (Executive Member for Housing and Development, Islington Council): In 2012/13, we got 46% overall in our housing delivery, so we exceeded that target across the borough, and we quite often have schemes which deliver 50% and above. We are a very successful borough in delivering affordable housing, and particularly in this scheme.

Boris Johnson (Mayor of London, Chair): Yes. It is not just in your own now, but across all approvals.

Councillor James Murray (Executive Member for Housing and Development, Islington Council): Yes, that is what I meant. 46% was last, in 2012/13.

Speaker: It can be done.

Boris Johnson (Mayor of London, Chair): I am interested to hear that. It is not a figure that I must say we recognise on this side but, anyway, I will take it from you. I will take it from you.

Can I thank you very much then for your very generous submissions and for everything you have said? I think I have asked all the questions that you wanted me to ask. If there is any final point that anybody wishes to make, I am willing to hear it.

Councillor James Murray (Executive Member for Housing and Development, Islington Council): Yes, Mr Mayor. Could I question you on the second question that I put to you at the end of my statement, which is about how you will ensure that the rent levels delivered in the affordable homes --

Boris Johnson (Mayor of London, Chair): I think you have had an answer to that.

Councillor James Murray (Executive Member for Housing and Development, Islington Council): -- will in practice be affordable and delivered by a registered provider? If you are acknowledging that the rent levels are going to be up near or even above Local Housing Allowance rates, do you have confidence that a registered provider, an RSL, will come along and take those on?

Boris Johnson (Mayor of London, Chair): Yes. I think you have heard that answer already.

Councillor James Murray (Executive Member for Housing and Development, Islington Council): We have not. We have not heard that there is any confidence that a registered social landlord will come and take them on. We have heard a model which Royal Mail is putting to you and trying to sell the argument to you on that basis, but you are not providing any confidence that a registered provider would take them on and actually deliver them at these rates.

Boris Johnson (Mayor of London, Chair): It is part of our Housing Strategy and you have heard the answer to that.

Councillor James Murray (Executive Member for Housing and Development, Islington Council): What is part of your Housing Strategy?

Boris Johnson (Mayor of London, Chair): It is to ensure that the registered provider delivers the rents that are in line with the Local Housing Allowance and --

Councillor James Murray (Executive Member for Housing and Development, Islington Council): You are confident that the rent levels provided in this model would be delivered by a registered provider? Are you absolutely confident about that?

Stewart Murray (Assistant Director - Planning, Greater London Authority): Mr Mayor, we have responded to those points, and the rent model that is set out is going to be finalised in detail in terms of the section 106 agreement. To ask a question about confidence of something in the future, I do not think it is appropriate for you to get into a debate about confidence. You have sufficient controls put in place through the section 106 agreement as applies to very many other section 106 agreements to secure the affordable rent.

Councillor James Murray (Executive Member for Housing and Development, Islington Council): Mr Mayor, look. You are missing --

Boris Johnson (Mayor of London, Chair): If you will forgive me, I --

Councillor James Murray (Executive Member for Housing and Development, Islington Council): You are missing the most fundamental point about this entire application, Mr Mayor. You are missing the point about how we make sure these rents are actually affordable.

Boris Johnson (Mayor of London, Chair): Anyway, I do not want to get into it.

Councillor James Murray (Executive Member for Housing and Development, Islington Council): I am sure you do not want to get into it, but you are missing the point.

Boris Johnson (Mayor of London, Chair): If you do not mind, I will come back and tell you in a very short delay --

Councillor James Murray (Executive Member for Housing and Development, Islington Council): (overspeaking)

Boris Johnson (Mayor of London, Chair): -- what my decision is. Thank you.

Frances Wheeler(?): There is another point I wanted to raise in connection with linkages. There is a question about linkages. You asked a question and your officer responded, and the boroughs also wish to make a comment. The comment was that we are --

(A short break)

Boris Johnson (Mayor of London, Chair): Thank you all very much for waiting so long. As I said earlier on, I am very grateful to everybody for all the care and the detail that they have furnished today and I just want to set the context of this. Obviously we have a big housing crisis in London; we need urgently to provide more homes and more affordable homes. I have been around the site and seen its potential. Having heard all the submissions I have today, I am satisfied to answer some of the questions that were put to me earlier on, I am satisfied with the analysis that my officers have presented in their reports and I think that the national guidance has certainly been fully considered.

On the matter of the affordable housing quotient and whether or not the 98 affordable rent homes - 103 altogether - will indeed be affordable, let us be absolutely clear that the development cannot go ahead unless it corresponds with the GLA framework, and that is the protection that we have, and we will of course insist on that.

Thirdly, I am content that the GLA and the boroughs will be able - I apologise to **Frances Wheeler(?)**, who I think was trying to ask me something as I was trying to get out - between them to deliver adequate linkage, and I am very conscious of the importance of that to all parties. Adequate viability review mechanisms can indeed be devised. I just want to stress, because there was something in the submissions we got last night that I thought was rather unusual, and aspersions were cast on the ability of our officers to operate under pressure or something like that, their ability not to compromise, and I can absolutely assure you and assure Londoners that we have the highest calibre of officers here in the GLA and they will not compromise for one minute in getting a good deal and insisting that all formalities are properly observed. In fact, I would urge the other parties, of course, to be as expeditious as they possibly can be in their discussions and get on.

On the alternative proposals that were adumbrated by Mount Pleasant Association, unfortunately that is not a planning proposal that I can take account of today. It is not a proposal to me today. There is no suggestion on the table. There is no application to me. What I can say, of course, is it is always possible. I have said what I have said about the attractions of that vision, but it is always possible that you can have ten planning consents on the same site. There is no reason whatever why the Mount Pleasant Association and its supporters should not continue, as I said earlier on, with that work. There is no reason for that dream to die now. It can easily bring those. I am delighted that it is in pre-application discussions already with the boroughs. There is no reason at all why that work should not be continued, but I have to look at the application before me today, and I have to look at the needs of our city and the very considerable progress that has been made in increasing the affordable quotient in a very imaginative scheme that would allow development to go ahead on a site that is very tricky to build on.

I therefore resolve to grant permission to the two applications and the conservation area consent, subject to the completion of a satisfactory section 106 agreement. Thank you very much.