

Old Oak and Park Royal Development Corporation

1.1 Background

Old Oak and Park Royal Development Corporation (OPDC) forms part of the GLA Group budget. This report sets out 2024-25 capital and revenue budget submission to the Mayor of London (the Mayor). The submission is prepared in accordance with the Mayor's Budget Guidance, which was published in July 2023. This process ensures there are robust financial plans to support Mayoral objectives and priorities within available resources.

The budget submission is required to cover the revenue budget for financial years 2024-25, 2025-26 and 2026-27 and a Capital Strategy in line with Mayoral priorities. In addition, as part of the submission, a climate budget, which is prepared in line with the Mayor's target of making London net zero carbon by 2030.

1.2 Introduction to OPDC

OPDC is the Mayoral Development Corporation established to oversee strategic regeneration across the Old Oak and Park Royal Opportunity Area.

The new HS2, Elizabeth Line and Great Western interchange station at Old Oak Common is due to open within the next decade, bringing significant transport connectivity between Old Oak and central London, Heathrow, the West country and Birmingham. OPDC is utilising its planning and regeneration powers to ensure that these benefits are maximised.

1.3 Our budget 2024-25

The budget for this financial year has been prepared at a pivotal time for OPDC, as the organisation moves from strategic planning into delivery. Earlier this year, OPDC submitted its outline business case for 'Old Oak West' (OOW), prepared jointly with DfT, DLUHC, Network Rail, HS2 and Homes England, to organise the government-owned landholdings around HS2's Old Oak Common Station into a comprehensive regeneration programme, creating a new mixed-use urban centre of around 9,000 homes and 2.5 million square feet of workspace. In parallel, informed by an inclusive local engagement programme, OPDC has prepared a Supplementary Planning Document to support the delivery of OOW.

To spur the delivery of OOW, the corporation has secured a combined total of £140m capital funding. This includes £54m from DLUHC's BIL fund and £50m from the Mayor's Land Fund to assemble land for new housing and employment, which has enabled several key sites to be acquired in the heart of our development zone. OPDC was also awarded £36m from DESNZ's Green Heat Network Fund to kick-start an innovative new heat recovery network utilising waste heat from local data centres.

This 2024-25 draft budget has been prepared with a focus on supporting our delivery plans, including completing the recruitment to our new target operating model, and the next steps of preparation for the comprehensive regeneration at OOW.

The budget includes the costs of administering our existing and expanding statutory planning activities, spanning three boroughs (Hammersmith & Fulham, Brent and Ealing); funding to support interventions in Park Royal to boost the productivity and sustainability of London's largest industrial estate; community engagement and capacity building; and support to bring forward early development sites.

1.4 Our purpose

The key priorities and deliverables for 2024-25 are as follows:

Delivery

The Delivery Directorate will continue to transition from strategic activity to delivery, with a focus on regeneration and development at OOW. This includes:

- The preparation of business cases, infrastructure and regeneration strategies for OOW
- Producing the procurement documentation required to secure a private sector delivery partner
- A programme of private land assembly and public land coordination, by private treaty and compulsory purchase
- Commencing the delivery of the Heat Network project
- A programme of regeneration projects including place-shaping and meanwhile uses, skills, employment and training support across the OPDC area.

1.5 Planning

The Planning Directorate will operate its statutory function as local planning authority by implementing Local Plan policies and overseeing the determination of an 8,000-home pipeline of planning applications, together with applications for industrial intensification. This includes:

- Supplementary guidance to implement the Local Plan, including the Mayoral Community Infrastructure Levy (MCIL) Charging Schedule and a design code for the OPDC area
- A comprehensive review of the Local Plan, in line with the new requirements set out in the Levelling Up and Regeneration Act
- Maximising the delivery of affordable homes, jobs and Section 106 and MCIL contributions to facilitate new and improved infrastructure
- Addressing unauthorised development to protect the amenity of residents and businesses and ensure industrial land supply is protected and used intensively and efficiently.

1.6 Corporate Operations & Finance

The Corporate Operations & Finance function will ensure readiness during 2024-25 as the focus transitions into a delivery phase. This includes:

- Embedding Business Partnering, clarifying roles and responsibilities, building relationships, and promoting collaboration
- Securing new office accommodation within the OPDC regeneration area
- Working in partnership with GLA Group Collaboration Board to leverage best practise and drive value for money through our shared service arrangements with the wider group
- Sound financial management and governance, entailing effective, accurate budget management and financial reporting
- Fostering a culture of Learning & Development by enhancing skills, knowledge, and innovation to develop its people, and promote continuous improvement.

1.7 Communications and Engagement

The Communications and Engagement function will engage stakeholders, partners and communities,

raising awareness, increasing participation and building advocacy to help shape regeneration. This includes:

- Inclusive engagement, consultation and community relations to shape development
- Community outreach and network building, particularly with those whose voices go unheard, through small grants, volunteering and early activation programmes
- Promoting OOW across a wide range of audiences through events, research, media and stakeholder engagement opportunities
- Implementing an updated Community Engagement Strategy, monitoring social value, diversity and community sentiments.

1.8 Responding to the London Partnership Board's missions

Set out below is the progress made by the corporation against the London Partnership Board's key aims:

- The Local Plan sets out ambitious policies to promote walking and cycling; improve public realm and deliver at least 30 percent of new development as green space
- OPDC is developing a new corporate sustainability report with a clear roadmap and action plan to reach net zero in Old Oak and Park Royal
- The corporation has adopted a planning framework for 2.5 million sq. ft. of new commercial space, and a target for 56,000 new jobs
- OPDC's job brokerage service (Forge@ParkRoyal) has placed over 200 local people in work; and the corporation supports smaller businesses, artists and creatives to stay, grow and thrive through the Creative Enterprise Zone and Park Royal Design District
- OPDC is a member of London Anchor Institutions Network (LAIN), established to address long-standing social and economic inequalities and the growing climate emergency, to ensure a green recovery
- To champion diversity and create opportunities for some of London's most deprived communities, OPDC provides funding and support to community-led projects including mentoring and peer-to-peer learning, supporting foodbanks, and culture, art and heritage projects, reaching over 45,000 beneficiaries from West London
- OPDC's partnership with Opportunity London champions and amplifies city wide objectives and investment opportunities, profiling London's largest regeneration project on regional, national and international platforms.

1.9 Key items in the 2024-25 budget

The following table sets out OPDC's budget on an objective basis.

Objective analysis	Revised Budget	Forecast Outturn	Budget	Plan	Plan
OPDC	2023-24	2023-24	2024-25	2025-26	2026-27
	£m	£m	£m	£m	£m
CEO Office	1.0	1.0	1.1	1.1	1.2
Planning	1.8	1.5	2.1	2.8	2.8
Delivery	5.6	6.0	8.0	7.0	7.0
Corporate Operations	2.9	2.8	3.0	3.2	3.4
Planning application and other income	-0.5	-0.5	-2.4	-2.4	-2.5
Net service expenditure	10.8	10.8	11.8	11.7	11.9
Transfer to/ (from) MDC reserve	-3.8	-3.8	-4.6	-4.4	0.0
Additional funding required	0.0	0.0	0.0	0.0	-4.4*
Financing Requirement	7.0	7.0	7.2	7.3	7.5
Business rates	7.0	7.0	7.2	7.3	7.5
Council tax requirement	0.0	0.0	0.0	0.0	0.0

* To note 2026-27 MDC reserve is an indicative amount which is yet to be agreed as stated in the Mayor's Letter on 2024-25 budget proposals.

1.10 Explanation of budget changes

An analysis of the year-on year movement in the council tax requirement, comparing the revised 2023-24 budget to the 2024-25 budget, is set out below.

Changes in the council tax requirement	£m
2023-24 council tax requirement	0.0
Changes due to:	
Net change in service expenditure and income	1.0
Including:	
Inflation	0.2
Use of reserves	-0.8
Retained business rates funding	-0.2
2024-25 council tax requirement	0.0

1.11 Net change in service expenditure and income

The budget for 2024-25 reflects a £1.0 million net increase in service expenditure and income.

The Chief Executive and Corporate Operations proposed budgets, and OPDC's establishment reflect the organisation's target operating model.

The Delivery programme, including Regeneration and Economic Development (RED), is forecasting revenue spend to enable the development of OOW, including: early land assembly and the procurement of an investment and developer partnership. The increased expenditure is mitigated by increased rental income from early site acquisitions.

The Planning team has forecast additional activity in planning applications resulting in higher establishment numbers offset by corresponding income.

1.12 Inflation

The budget includes a provision for inflation of £0.2 million predominantly relating to a provision for a 4 per cent pay award.

1.13 Change in use of reserves

The use of reserves has increased by £0.8 million in 2024-25 compared to the 2023-24 Budget predominantly to support increased expenditure required to scaleup and realise a fully funded target operating model.

1.14 Net change in retained business rates

OPDC will receive £7.2 million in funding via retained business rates in 2024-25, an increase of £0.2 million compared to 2023-24. This increased funding has been allocated towards supporting building capability in line with the target operating model.

1.15 Reserves

The OPDC's operational expenditure is funded by retained business rates and the remaining balance from the GLA's MDC Reserve. The revised budget for 2024-25 utilises £4.6 million of these reserves. As OPDC acquires and develops capital assets opportunities for capitalising expenditure will also be pursued which may result in less funding being required to be drawn in future from the MDC reserve.

1.16 Environmental impact and Climate Budget

Overview

The Mayor of London's ambitious goal to achieve carbon neutrality in London by 2030 is integrated into our current strategies and policies. OPDC recently welcomed a new Principal Sustainability Officer to develop OPDC's Sustainability Strategy which will be seamlessly incorporated into OPDC's comprehensive work programmes.

OPDC does not directly produce carbon emissions as it does not have any operational estate or fleet, although we are now in the process of acquiring several sites with existing operational leases and uses. We are producing an asset management strategy which, within the constraints of the inherited leases,

will address the management of environmental impact, including the consideration of appropriate meanwhile uses prior to eventual redevelopment.

Our budget will have an impact on GHG emissions more widely in London, and these measures are captured in the 2024-25 climate budget. These initiatives actively contribute to the reduction of carbon emissions within the OPDC area and beyond.

OPDC aligns with the requirements of the GLA's Responsible Procurement Implementation Plan (RPIP), committed to actively collaborating with its suppliers, intended to initiate and implement strategies aimed at reducing carbon emissions within the supply chain.

Buildings

- The Park Royal Solar project collaborates with local businesses and landlords to offer free solar feasibility studies and consultations. This has secured £50,000 in Mayoral funding and has the potential to yield carbon savings of 2,000 tonnes over 25 years
- The Industrial Retrofit – Small Business Loan Fund, establishes a revolving Park Royal Affordable Workspace and Business Loan Fund.

Energy

- OPDC has secured funding from DESNZ's Green Heat Network Fund to harness waste heat from datacentres, providing net-zero heating for up to 12,000 new homes and businesses, with an estimated 101,200 tonnes of carbon savings over 40 years.

Public realm

- OPDC is delivering several initiatives aimed at enhancing the quality and accessibility of our outdoor spaces. Our Greenspace Volunteering programme focuses on Park Royal and the Grand Union Canal. This programme collaborates with local businesses and residents to organise volunteering events that encompass planting, maintenance, clean-ups, and events promoting the value of greenspace and sustainability.

Planning

- Within our OPDC Local Plan, we have established a set of policies that mandate developments to uphold a high level of environmental sustainability and resilience. Our Supplementary Planning Documents provide valuable guidance to developers on sustainability and environmental responsibilities.

1.17 Equalities

Equality, Diversity and Inclusion (EDI) is at the heart of OPDC's corporate vision. OPDC's approach to equality and inclusion aligns with the Mayor's Inclusive London strategy.

Our EDI Strategy, launched in 2022, sets out a five-year plan for how we will deliver and embed EDI in all that we do. It ensures that OPDC strives for equity in two areas – internally, ensuring we are an exemplar employer and externally to ensuring we deliver an inclusive, diverse and accessible new urban district which meets local needs and champions diversity. In 2023, OPDC published its Annual EDI Report to monitor our work in this area. Key achievements include:

- 43% of new starters are from a minority ethnic background

- 82% staff have completed individual EDI objectives
- Increased diversity in our Planning Committee Member recruitment - 40% female, 40% from Black, Asian, Minority background
- 45,000 beneficiaries in the community reached through funding 21 community-led projects
- Increased engagement with community members from ethnic backgrounds by 28%
- Held EDI focus groups with the local community and implemented recommendations, including hosting OPDC's first community food festival in Park Royal
- Helped over 180 local residents into work in the OPDC area. Of these more than 60% are from an ethnic minority background
- Generated over 25 pieces of community-led, grassroots content across community channels to champion diversity
- Assess all of our major procurements on the provision of EDI action plans.

OPDC will continually build on the progress made, including exploring opportunities to:

Internally focused

- Review and improve its EDI training offer for staff
- Track recruitment campaigns to assist it to improve inclusive recruitment
- Working in partnership with the GLA Group, develop and building a mentoring community to support all employees and in particular underrepresented groups
- Continue to create a work environment that values and respects differences among employees leading to employee satisfaction, innovation and organisational success.

Externally focused

- Undertake baseline data exercises, sentiments research and increase diversity monitoring to help develop initiatives to address local needs and measure social value
- Increase staff participation in community engagement and local volunteering activities, particularly at senior executive and non-executive level
- Work closely with TfL and Ealing Council to develop a scheme for North Acton station which delivers step-free access and improves the accessibility to the station to create a space which is fully useable and welcoming to all
- Embed principles of inclusion and accessibility in all scoping and assumptions around new infrastructure including bridges, streets and public realm
- Adopt OPDC's Supplementary Planning Document (SPD) for the OOW area, in early 2024, including guidance for the design of open spaces and community-led housing that cater for groups with protected characteristics
- Publish OPDC's Public Realm and Green Infrastructure SPD, for public consultation in early 2024, providing detailed guidance to developers on how EDI considerations should be at the forefront of public realm design.

In accordance with the Public Sector Equality Duty and the Mayor's Equality, Diversity and Inclusion Strategy, OPDC will continue to assess the likely impacts of the proposals set out in this budget on external groups as proposals are further developed and refined. Equalities Impact assessments of individual programmes will be carried out as appropriate.

1.18 Capital Strategy

Since 2022-23, OPDC has been successful in securing additional funding for capital projects including £37.3 million for the development of a Heat Network Energy Centre and £104.0 million for early Land Assembly activity.

Whilst OPDC explores opportunities to secure additional capital funding from government, its agencies and private developers, the Mayor proposes that capital support to OPDC to finance land acquisition, infrastructure and enabling works and associated due diligence costs for the purpose of accelerating OPDC's target of 1,100 homes within its development area, by 31 March 2029, should be provided as loan funding, including funding required in 2023-24. The planned capital financing costs along with the Authorised Limit and Operational Boundary for external debt for OPDC arising from its plans are set out in tables in the Appendix.

OPDC's capital budget is therefore £240.3 million of which its forecast expenditure in 2024-25 is £106.1 million.

Heat Network

Total project funding is £37.3 million and is made up of £2.3m (GLA £1.3 million, DESNZ £1 million) for the commercialisation phase and £35 million from DESNZ Capital. A project team has been setup and programme board running with £1.3 million is expected to be spent against commercialisation funding by the end of the 2023-24 financial year. The remaining balance of £36.05 million is expected to be spent in the 2024-25 financial year in line with the grant funding terms and conditions.

Land Assembly

Total funding of £104 million has been approved to support early land acquisitions via the GLA Land Fund (£50 million) and DLUHC BIL Funding (£54 million). £1 million has already been spent in 2022-23 on the purchase of a Café, £74.2 million spend is expected by the end of 2023-24 financial year while £28.8 million spend is expected by the end of 2024-25 financial year. Any future opportunities for further private land acquisitions are unfunded and not included in this budget proposal and will need to be agreed separately.

OPDC's Capital Plan to 2027-28 is set out in Table 15 below.

Table 15 – OPDC Capital Spending Plan

Draft capital plan	Forecast Outturn 2023-24 £m	Budget 2024-25 £m	Plan 2025-26 £m	Plan 2026-27 £m	Plan 2027-28 £m
<i>Expenditure</i>					
Heat Network	1.3	36.0	0.0	0.0	0.0
Land Assembly	82.9	70.1	50.0	0.0	0.0
Total expenditure	84.2	106.1	50.0	0.0	0.0
<i>Funding</i>					
Capital Grants & Third Party Contributions	36.2	52.8	0.0	0.0	0.0
Borrowing	46.7	53.3	50.0	0.0	0.0
GLA Grant	1.3	0.0	0.0	0.0	0.0
Total funding	84.2	106.1	50.0	0.0	0.0

Appendix

Old Oak and Park Royal Development Corporation

Table 1: OPDC - Subjective analysis

Subjective analysis	Revised Budget 2023-24 £m	Forecast Outturn 2023-24 £m	Budget 2024-25 £m	Plan 2025-26 £m	Plan 2026-27 £m
Employee expenses	5.5	5.7	7.6	7.6	8.0
Supplies and services	5.8	5.6	6.6	6.5	6.4
Total gross expenditure	11.3	11.3	14.2	14.1	14.4
Planning Application Income	-0.5	-0.5	-1.1	-1.1	-1.2
Other Income	0.0	0.0	-1.3	-1.3	-1.3
Total Income	-0.5	-0.5	-2.4	-2.4	-2.5
Transfer to/ (from) MDC reserve	-3.8	-3.8	-4.6	-4.4	-4.4
Financing requirement	7.0	7.0	7.2	7.3	7.5
Business rates	7.0	7.0	7.2	7.3	7.5
Council tax requirement	0.0	0.0	0.0	0.0	0.0

Table 2: OPDC - Authorised limit for external debt

Authorised limit for external debt	Current	Revised	Proposed	Proposed	Proposed
	Approval 2023-24 £m	Approval 2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m
Borrowing	0.0	50.0	100.0	150.0	150.0
Total	0.0	50.0	100.0	150.0	150.0