

CEO DECISION – CD161

Title: Savills for Western Lands Strategic Outline Case

Executive summary

This decision seeks approval for consultancy expenditure to complete the drafting and management of the Western Lands Strategic Outline Case (SOC). The SOC will set out the strategic, economic, financial, commercial and management cases for OPDC's Western Lands delivery strategy.

The consultancy commission will build on Savills' viability and cashflow modelling work (authorised by CD148) as well as the valuation, economic analysis and market research (authorised by CD154). The work will be carried out under the existing real estate advisory call-off contract that OPDC holds with Savills. The requested spend of £60,000 is in addition to £125,000 of expenditure in 2020/21, bringing total approved expenditure on the commission with Savills to £185,000.

This approval is being made under a delegation to officers granted by OPDC's Board at its March 2021 meeting.

Decision

That the Chief Executive approves:

- i. Expenditure of £60,000 in 2021/22 to fund a continuation of the existing commission with Savills, with Savills tasked with providing input on and overseeing the development of the Strategic Outline Business Case for OPDC's Western Lands strategy.

Chief Executive Officer

I do not have any disclosable interest in the proposed Decision. It is consistent with OPDC's priorities and has my approval.

Signature:



Date: 11 June 2021

PART 1: NON-CONFIDENTIAL FACTS AND ADVICE

Background and context

- 1.1 In January 2020, the Board approved OPDC's revised delivery approach, which included the following the key elements:
- A new focus to the regeneration of the area, taking a comprehensive view of the 'Western Lands' along Old Oak Common Lane, Old Oak Lane and Victoria Road where key sites are owned by Department for Transport (DfT) and Network Rail.
 - Developing an evidence base of the benefit of a comprehensive and coordinated approach to land, development and infrastructure funding to optimise the strategic opportunities that the area offers.
 - Securing the support of major partners including public sector landowners and funders.
 - Developing an engagement plan to ensure local and future communities in the area can influence the development and delivery of this major opportunity for London.
- 1.2 Since January, OPDC officers have engaged with public sector stakeholders, including Network Rail, HS2 and the boroughs, to begin the process of securing the support of the major partners to the development of the strategy for Western Lands. OPDC has also engaged with central government – via the Ministry for Homes, Communities and Local Government (MHCLG), Homes England (HE) and the Infrastructure and Projects Authority – to discuss potential funding opportunities.
- 1.3 This engagement with government colleagues has led to a decision to produce, and jointly agree, a Strategic Outline Case (SOC). The SOC will be developed in line with the Treasury's guidance for developing project business cases and will follow the "five Case" model:
- 1.4 The "five case" model sets out how OPDC will advance the work input from key Government stakeholders throughout each case, or chapter:

Outline of five case model

Chapter	Description
Strategic case	Make the case for change: joint objectives for Old Oak; the imperative to take timely action; and the counter factual of doing nothing.
Economic case	Identify best public value: justify the additional cost over "doing nothing" and identify the best investment option, quantifying in monetary terms benefits and risks. Sensitivity testing of major risks and assumptions required at this early stage.
Commercial case	A well-structured deal between public and private sector: describe the benefits and outcomes at Old Oak from partnering with the development market and how, as a pre-condition to

	successfully partnering with the private sector, the public sector will organise its land, funding and regeneration powers.
Financial case	An affordable funding plan: set out a plan that considers how best to fund the requirements, drawing on government investment, planning obligations, affordable housing programme funding, Greater London Authority (GLA) support, other public sector investment and the role of private capital.
Management case	Governance and management: the role of public sector partners and arrangements for delivering, monitoring and evaluating of the project.

- 1.5 Parts of the SOC is being developed by both OPDC and HE officers drawing on in-house expertise, including input from the GLA Housing & Land Directorate and Transport for London (TfL) Operational Property. However, specialist consultancy input will be required to support the drafting and compilation of the business case and, in particular, to provide technical expertise for the economic and financial cases.
- 1.6 This decision seeks approval for expenditure of £60,000 from OPDC's Western Lands 2021/22 budget to extend the appointment of Savills, under the existing call-off contact, to provide this specialist input. This is in addition to the £125,000 already spent on Western Lands and SOC support during 2020/21, bringing total approved expenditure for Savills to £185,000 (see CD148 and CD154 for prior approvals).
- 1.7 At its March 2021 meeting, the Board approved a delegation to the Chief Executive Officer and the Director of Delivery to authorise expenditure in 2021/22 of up to £250,000 to support the ongoing development of a business case as the basis of a future bid for Government funding. This approval is being sought within that delegation. A summary of approvals under the delegation is below:

Expenditure authorisation against March 2021 Board Delegation

Western Lands workstream / appointment	Total Approval	Decision
Architectural support	£90,000	CD162 (pending)
Savills - Strategic Outline Case	£60,000	This decision
Total approved (including this decision)	£150,000	
Total Board delegation (March 2021)	£250,000	
Delegated expenditure approval remaining	£100,000	

The proposal and how it will be delivered

- 2.1 The proposal to extend the commission with Savills will help ensure the separate SOC cases are produced to the Treasury's Green Book standards.
- 2.2 This commission will cover the following work streams:
- Establishing a reference case to create a baseline for review of the overarching strategy. This will be done by examining the local context and reviewing development proposals and appraisals.

- Review existing work on the strategic case to clearly define objectives and critical success factors jointly agreed with stakeholders.
- Draft the economic case by calculating the benefit to cost ratio and other value for money considerations relative to land value uplift in the delivery strategy.
- Draft the financial case narrative using existing financial models to cover affordability and viability of the case.
- Develop the narrative for the commercial case including potential models for partnerships with private sector developers. This will build on procurement and structuring work developed by OPDC and HE.
- Define how OPDC and HE will organise and supervise the delivery including reporting and governance, including the involvement of major stakeholders.
- Iterations of the draft report, leading to a final report after several formal meetings and coordination between all stakeholders.
- On-going consultations and refinements to the SOC based on government and stakeholder feedback.

2.3 OPDC intends to instruct Savills to provide the above services by variation to their existing call-off contract with OPDC.

Objectives and expected outcomes

3.1 The objectives of the proposal are to:

- Prepare a SOC for OPDC's Western Lands regeneration proposals. The business case will be developed for and on behalf of OPDC and HE and will include significant input from both local and central government stakeholders in order to clearly articulate the benefit of delivering regeneration at Old Oak.
- This SOC will bring together the detailed technical work completed to date which has established an underlying evidence for critical infrastructure requirements, land assembly and development capacity and communicate it in a way that will inform decisions required from Government on bringing forward its land and supporting infrastructure investment.

3.2 The expected outcomes of the proposal are:

- Endorsement of the SOC from key Government departments (DfT, MHCLG and Treasury) to provide "gateway approval" and allow OPDC to progress funding, land, delivery and procurement plans.

Strategic fit

4.1 This proposal supports OPDC's Western Lands strategy; the revised delivery approach which was approved by the Board in January 2020. It provides technical and management related work necessary to prepare an SOC for submission to central Government.

Project governance and assurance

- 5.1 The Development Director will act as Senior Responsible Officer (SRO) for this commission, managing the contract with Savills. Day to day management of the work will be led by the Senior Development Manager.
- 5.2 The SRO will coordinate, control and regularly monitor Savills' instructions and outputs, ensuring that relevant outputs are reported internally.

Risks and issues

- 5.3 The following risks are associated with this proposal:

Risk description	Inherent Score	Mitigations	Target Score
The project's objectives and other major inputs and assumptions required for the business case are not agreed by major stakeholders, removing any consensus on conclusions made in the business case	Likelihood: 3 Impact: 5 Total: 8	Co-develop the Business Case with Homes England. Involve major stakeholders including Boroughs, Government Departments, the GLA and agencies at each stage	Likelihood: 1 Impact: 3 Total: 4
The SOC does not gain clear approval and decisions required from Central Government are either not supportive or not timely.	Likelihood: 3 Impact: 3 Total: 6	OPDC has been guided by government to develop a jointly agreed business case in time for the spending review process. OPDC will also feed into the Mayor's SR submission. Development of the case is being managed in close coordination with government.	Likelihood: 2 Impact: 3 Total: 5

- 5.4 There are no extant issues that require management or mitigation.

Equality comments

- 6.1 OPDC must have 'due regard' to the need to eliminate unlawful discrimination, harassment and victimisation as well as to the need to advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not.¹

¹ The protected characteristics and groups are: age, disability, gender reassignment, pregnancy and maternity, race, gender, religion or belief, sexual orientation and marriage/ civil partnership status. Fulfilling

- 6.2 This work has no impacts on those with protected characteristics. The outputs from the Savills' consultancy commission, where material to future strategies, policy development, communications, investment/funding requests and delivery plans, will be subject to equalities assessments at the appropriate time.
- 6.3 Savills has adopted an Equal Opportunities Policy.

Other considerations

- 7.1 There are no other considerations that need to be noted in the taking of his decision.

Conflicts of interest

- 8.1 No one involved in the preparation or clearance of this Form, or its substantive proposal, has any conflict of interest.

Financial comments

- 9.1 Expenditure of up to £60,000 will be funded from the 2021/22 Western Lands budget in the Delivery directorate.

Legal comments

- 10.1 The report above indicates that the decision requested of the Chief Executive falls within the OPDC's object of securing the regeneration of the Old Oak and Park Royal area and its powers to do anything it considers appropriate for the purpose of its objects or purposes incidental to those purposes, as set out in the Localism Act 2011.
- 10.2 In taking the decisions requested, the director must have due regard to the Public Sector Equality Duty; namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010 and to advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic (race, disability, gender, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment) and persons who do not share it (section 149 of the Equality Act 2010). To this end, the director should have particular regard to section 6 (above) of this report.
- 10.3 The officers have indicated in section 2 that the services required are within the scope of the existing call-off contract with the service provider (HCA Contract No. DN336104) and will be instructed in accordance with the terms and conditions of that call-off contract.

this duty involves having due regard to: the need to remove or minimise any disadvantage suffered by those who share a protected characteristic or one that is connected to that characteristic; taking steps to meet the different needs of such people; and encouraging them to participate in public life or in any other activity where their participation is disproportionately low. Compliance with the Equality Act may involve treating people with a protected characteristic more favourably than those without the characteristic. The duty must be exercised with an open mind and at the time a Decision is taken in the exercise of the OPDC's functions.

- 10.4 Officers must ensure that the appropriate call-off contract mechanism is followed and required documentation is put in place when instructing the services.

Summary timeline

Activity	Date
Review Schemes & Context	07/06/2021
Strategic Case	12/07/2021
Economic Case	12/07/2021
Financial Case	12/07/2021
Commercial Case	09/08/2021
Management Case	09/08/2021
Draft Business Case	16/08/2021
Final Business Case	27/09/2021
Meetings & Coordination	Throughout
Project closure	31/10/2021

Appendices

- None

Other supporting papers

- [Chief Executive Report to the OPDC Board, March 2021](#) (including approval of a delegation for the development of a SOC for Western Lands).

<https://www.london.gov.uk/moderngovopdc/documents/s59400/06.%20CEO%20Report.pdf>

PUBLIC ACCESS TO INFORMATION

Information in this Form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA). OPDC aims to publish the Form within three working day of approval.

If immediate publication risks compromising the implementation of the Decision (for example, impacting a procurement process), it can be deferred until a specific date (when it will be published). Deferral periods are kept to the shortest length strictly necessary.

Part 1 – Deferral

Publication of this Part 1 is to be deferred: **No**

The deferral is until: N/A

This is because: N/A

Part 2 – Confidential information

Only the facts or advice that would be exempt from disclosure under FoIA should be included in or attached to any separate Part 2 Form, together with the rationale for withholding the information at this time.

There is a separate and confidential Part 2 Form: **No**

DECLARATIONS

Drafting officer: Chris Roche has drafted this Form in accordance with OPDC procedures, including for handling conflicts of interests, and confirm that. ☐

Advice: The Finance and Legal teams have commented on the proposal. ☐

CONFIRMATIONS

Section 106 funding: N/A

SMT review: This Decision was circulated to the **Senior Management Team** for review on [Click and add date].

Chief Finance Officer

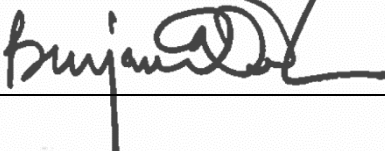
Financial and legal implications have been appropriately considered in the preparation of this Form.

Signature: 

Date: 24 June 2021

Development Director

I do not have any disclosable interest in the proposed Decision. It is consistent with OPDC's priorities and can be referred to the CEO for final approval.

Signature: 

Date: 4 June 2021