

**DIRECTOR DECISION – DD 138**

**Title: Infrastructure Funding Strategy Assessment**

**Executive summary**

In response to the Planning Inspector's Interim Findings, and to reflect a change in the land use policy approach to major redevelopment in the area, OPDC is preparing modifications to its draft Local Plan.

To support the proposed modifications, OPDC is updating its Infrastructure Delivery Plan (IDP) to identify what infrastructure is required to support development within the plan period, the likely cost, and how that may be funded.

Initial analysis identifies that a funding gap is likely to exist between the cost of infrastructure and estimated income from S106 of CIL. To demonstrate that the Local Plan is deliverable, OPDC must demonstrate to its Planning Inspector that the funding gap can be addressed through other means, including potential public funding initiatives, public and/or private investment, or other sources. To ensure OPDC's has a robust and compelling argument in place, consultancy support is required to draft this aspect of the IDP.

**Decision**

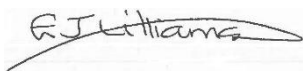
The Director approves:

- i. Up to £25,000 to pay for consultancy support to assess how the funding gap identified within the Infrastructure Development Plan may be addressed through alternative funding sources.
- ii. in respect of the above expenditure and subject to approval of a Single Source Justification, an exemption from the requirement in the OPDC Contracts & Funding Code to procure such services competitively and to appoint Newbridge Advisors.

**Authorising Director**

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

**Signature:**



**Date:** 1 February 2021

## **PART 1: NON-CONFIDENTIAL FACTS AND ADVICE**

### **1. Background and context**

- 1.1 In autumn 2019, the Planning Inspector, in his interim findings on the OPDC's draft Local Plan, supported the removal of the Strategic Industrial Location (SIL) designation on the Cargiant site in Old Oak North. At the same time, the inspector also concluded that the residential-led development in Old Oak North would not be commercially viable in the Plan period. OPDC subsequently decided to revise its approach to delivery and to not progress delivery of its proposed Housing Infrastructure Fund (HIF)-funded scheme at Old Oak North.
- 1.2 In response to the Inspector's interim report and following the decision to not progress development in Old Oak North, OPDC has revised its delivery strategy to focus on the Western Land area. OPDC is now progressing modifications to its draft Local Plan incorporating revisions to site allocations on several sites in line with the revised delivery strategy. These modifications must also be in general conformity with the Mayor's London Plan in respect of its housing targets.
- 1.3 The modifications to the Local Plan will include an updated Infrastructure Delivery Plan (IDP) that sets out the items of infrastructure critical to delivery of the site allocations and the costs of that infrastructure.
- 1.4 Preliminary analysis has been undertaken by OPDC to identify the cost of infrastructure projects within the IDP and compared this with the funding that has already been secured for the projects together with anticipated funding sources and anticipated overall income from planning contributions. This analysis demonstrated a funding gap is likely to be identified in the final IDP.
- 1.5 It is not uncommon for Local Plans to have funding gaps. However, the Planning Inspector must be convinced that any funding gap can be addressed to ensure the plan policies are deliverable, and that the homes and jobs identified within the plan can be brought forward as anticipated. Failure to provide this confidence may lead to the Local Plan being adjudged unsound.
- 1.6 This decision seeks the Director of Planning's authorisation for expenditure to procure a consultancy firm to support OPDC in the drafting of the alternative funding sources section of its IDP. This work will provide OPDC with a clear and compelling assessment to include within the IDP to demonstrate how the identified infrastructure funding gap will be addressed.

### **2. The proposal and how it will be delivered**

- 2.1 The commission will examine the various funding opportunities which could be pursued by OPDC to address the funding gap identified in the IDP. The commission will identify which funding opportunities are most applicable to the development in the OPDC area, as well as highlighting the challenges and risks associated with each option.
- 2.2 While OPDC officers have undertaken a preliminary assessment of alternative funding sources, expertise does not exist within the organisation to prepare a robust assessment. As such, suitably qualified consultancy services to deliver the study will be sourced through a single-source procurement route.

- 2.3 It is proposed to appoint Newbridge Advisors to prepare the study by way of a direct award, subject to a Single Source Justification, This decision also seeks approval to an exemption from the requirement in the OPDC Contracts & Funding Code to procure such services competitively so as to appoint Newbridge Advisors without a competitive procurement exercise. This is because Newbridge are currently working on similar projects for ODPC's delivery directorate, including work to support the development of a business case for bids to governments Housing Infrastructure Fund or equivalent. Newbridge are also undertaking an Industrial Funding Strategy, to inform investment opportunities in OPDC's industrial areas. The overlaps between these current projects and the proposed study are such that they cannot be separated and be satisfactorily delivered by separate teams of consultants in an efficient manner and at effective value. Furthermore, Newbridge Advisors has extensive experience of economic projections and funding strategies for OPDC that means other firms are highly unlikely to provide better value for money in delivering this study. In these circumstances, a single-source procurement route is considered appropriate and justified.

### **3. Objectives and expected outcomes**

- 3.1 The commission's outputs will be a narrative and supporting information that provides OPDC with a clear and robust understanding for how the funding gap identified in the emerging draft IDP may be addressed. The commission will help OPDC demonstrate the soundness of its proposed modifications to the Inspector and support the adoption of the Local Plan.
- 3.2 Furthermore, this work will support OPDC in preparing a business case to secure external funding towards delivery of key infrastructure projects which cannot be funded from planning contributions alone.
- 3.3 The commission will clearly set out the evidence and analysis which has informed key recommendations, particularly with regard the projected economic benefits that regeneration of the OPDC area will bring to the local, regional and national economy.
- 3.4 The outcome of the proposed commission will be that OPDC is provided with a robust assessment to address the identified funding gap through a range of options.

### **4. Strategic fit**

- 4.1 At its meeting on 13 October 2020, the OPDC Board unanimously endorsed the proposed delivery strategy and the direction of the proposed modifications to the draft Local Plan. This commission will form a key role in supporting this direction by addressing the soundness and deliverability of this new approach.
- 4.2 Once the Local Plan Examination process has been completed, and approval for the Local Plan, including proposed modifications, has been obtained from the Planning Inspector, it will be considered by OPDC Board for adoption. This is envisaged to be in late 2021.
- 4.3 The Local Plan has been drafted to be in general conformity with the Mayor's London Plan. It will help to deliver the Mayor's aspirations set out in the London

Plan and supporting strategies. These strategies include the Mayor's Transport Strategy, London Environmental Strategy and the Equality, Diversity and Inclusion Strategy.

## **5. Project governance and assurance**

- 5.1 The study's overall scope and direction will be overseen by Head of Planning Policy, who will:
- agree the client brief
  - oversee progress, ensuring that the scope of the study meets expectations
  - provide a forum for discussion and challenge of emerging conclusions
  - review and provide comments on draft report
- 5.2 Officers from OPDC's Planning and Delivery Directorates, including subject experts in infrastructure delivery, planning policy, viability appraisal and development will also be involved in reviewing the study.

### *Risks and issues*

- 5.3 There is a risk that this commission will identify major challenges in demonstrating the funding gap identified in the IDP can be fully bridged. Such a risk would be mitigated or addressed before the further modifications are submitted to the Inspector. This could require an extension to the programme and the likely need for additional expenditure. This risk will be monitored closely.

## **6. 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.<sup>1</sup>
- 6.2 The submission draft Local Plan has been subject to an Integrated Impact Assessment (IIA), prepared in 2018, which has been published on OPDC's website. This includes an Equalities Impact Assessment. The 2018 IIA concludes that the implementation of the Local Plan will deliver benefits to people of all protected characteristics as defined by the Equality Act 2010. OPDC is undertaking an update to the IIA, which will assess the proposed modifications to the Local Plan. Should this conclude that the proposed modifications result in any changes in the benefits anticipated in the submission draft Local Plan, or identify any other impacts to those with a protected characteristic or the duty to foster good relations between people who share a protected characteristic and those who do not,

---

<sup>1</sup> This 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. 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. 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.

recommendations will be made on appropriate mitigation measures and amendments made to the proposed modification on foot of this.

- 6.3 This commission will play a crucial role in implementing the Local Plan, and therefore supports its overarching aims, and the benefits expected for people all protected characteristics.

## **7. Other considerations**

### *Consultations and impact assessments*

- 7.1 The Local Plan has been subject to an Integrated Impact Assessment (IIA), which is published on OPDC's website. This includes an Equalities Impact Assessment. The submission version of the IIA concludes that the implementation of the Local Plan policies will deliver positive benefits overall.

### *Communications and engagement*

- 7.2 The proposed modifications to the Local Plan, and new and updated supporting studies will be subject to statutory public consultation. The outputs of this study will be included within the Infrastructure Delivery Plan (IDP) which will form part of the consultation documents.
- 7.3 There are no other considerations that need to be considered in the taking of this decision.

## **8. Conflicts of interest**

- 8.1 There are no conflicts of interests.

## **9. Financial comments**

- 9.1 Expenditure of up to £25,000 will be funded from the 2020/21 Planning Policy budget, which sits within the Planning directorate.
- 9.2 Further expenditure and contract variations are subject to the Corporation's decision-making process.
- 9.3 Please ensure that any procurement undertaken is in line with the Corporation's Procurement Guidance and the Contracts and Funding Code is adhered to.

## **10. Legal comments**

- 10.1 The report above indicates that the decision requested of the director falls within OPDC's objective 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 Section 4.1 of the OPDC Contracts and Funding Code (the ‘Code’) requires the OPDC to seek a call-off from a suitable framework, where possible, or if not, undertake a formal tender process which will be managed by TfL in respect of the services. However, the director may approve an exemption from this requirement under section 5 of the Code upon certain specified grounds. The officers have set out at paragraph 2.3 of this report the reasons why they believe the appointment of Newbridge Advisors without a competition meets the exemption. On this basis the director may approve the proposed exemption if satisfied with the content of this report and officers must ensure that a single source justification is completed before the appointment of Newbridge Advisors.
- 10.4 Officers must also ensure that appropriate contract documentation is put in place with and executed by OPDC and Newbridge Advisors before the commencement of the required services.

## 11. Summary timeline

Activity	Date
Procurement of contract /Grant award	29 <sup>th</sup> January 2021
Announcement	29 <sup>th</sup> January 2021
Delivery start date	29 <sup>th</sup> January 2021
Delivery end date	28 <sup>th</sup> February 2021
Project closure	28 <sup>th</sup> February 2021

## Appendices

- None

## Other supporting papers

- None

### 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:** Kevin Twomey has drafted this Form in accordance with OPDC procedures, including for handling conflicts of interests, and confirms that:



**Advice:** The Finance 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 27 January 2021.

### Chief Finance Officer

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

**Signature:**



**Date:** 01/02/21