

# Review of the Old Oak and Park Royal Development Corporation: High-level findings

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## Background

Old Oak and Park Royal Development Corporation (OPDC), the second Mayoral Development Corporation (MDC), was launched on 1 April 2015 to secure the benefits of the regeneration and development of Old Oak and Park Royal.

In late June the Mayor of London commissioned<sup>1</sup> the Greater London Authority (GLA) to undertake a review of the strategic direction and work programme of the OPDC. This was in the context of the Mayor recognising the importance of the regeneration project to London, but also his concern to ensure the fundamentals were in place to get the best deal for Londoners and create a thriving new area of London. In particular, the Mayor wished to understand the implications of the Memorandum of Understanding (MoU) agreed between the OPDC and the Secretary of State for Transport for the transfer of Government-owned land at Old Oak Common.

This document reports the high-level findings and key recommendations arising from the review. It is structured against the review's [terms of reference](#).

## High-level findings and key recommendations

1. To review the implications of the March 2016 Memorandum of Understanding between Old Oak and Park Royal Development Corporation and the Secretary of State for Transport in relation to Government-owned land at Old Oak Common

### *Findings*

- 1.1. The MoU was hastily entered into. A signal did, however, need to be sent to Government to reassure it that London was interested in a deal and to prevent the early disposal of land. Transferring land holdings in the area from Government to the Mayor remains a sound concept.
- 1.2. The outline of the land deal in the MoU signals that the final deal has the potential to be on terms less favourable than other similar previous land transfers, with the Mayor exposed to considerable funding requirements.
- 1.3. Not only is the detail of the deal between the Government and the Mayor unclear at this stage. The risks inherent to the land are also uncertain and unquantified. Significant work is therefore required to understand the land's development potential and problems, such as remediation requirements, and with Government to develop and structure a deal that recognises the complexities of the site.
- 1.4. The OPDC staff resource does not have the capacity to take forward the land deal work and expert help will be needed.

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<sup>1</sup> [Under Mayoral Decision 2006](#).

### *Recommendations*

- 1.A. At all points it must be made clear to Government that the land deal the Mayor enters into must be in the best interests of London and Londoners. Terms akin to those offered when Greenwich Peninsula was transferred to the GLA in 2012 should set the benchmark for negotiations.
  - 1.B. Work should continue and where necessary additional work should be commissioned to address the issues outlined in point 1.3 above.
  - 1.C. Consideration should be given to having this work carried out by the new Homes for Londoners team, given it will act as a centre for excellence for the GLA Group on land and property issues. It is important to strengthen the negotiating power and expertise available to complete any land deal effectively.
2. To review the funding required for infrastructure at Old Oak Common to ensure development there is properly integrated with surrounding communities and that residential development delivers a mix of housing types and housing that is genuinely affordable.

### *Findings*

- 2.1. The funding for the infrastructure needed to bring forward development in the area amounts to approximately £2.5bn and Government expects this to be paid for from development.
- 2.2. The need for such a level of infrastructure will have an impact on the level of affordable housing that can be delivered within each development – and this will need to be recognised within individual planning applications. Without considered infrastructure investment, future developments will be unable to come forward and Old Oak will not work as a coherent whole.
- 2.3. Discussions with Government departments about gap funding or other financial contributions to reduce the impact of the infrastructure bill have so far proved fruitless. This is in the context of Ebbsfleet receiving £310m. And Birmingham has received £97m to extend its metro and enhance connections to and from the HS2 Curzon Street station. Birmingham is also benefitting from an expanded Enterprise Zone.
- 2.4. In addition to impacting on the ability of developments to provide an acceptable level of affordable housing, the high cost of infrastructure may force a quantum and scale of development that is unacceptable in height, scale, density or mass – and at the expense of community infrastructure.
- 2.5. Existing planning policies and the development of revised policies during the period of the review are already addressing the need to provide a range of housing tenures and affordable housing options.

### *Recommendations*

- 2.A. The inequity of expecting London to shoulder the whole cost of infrastructure investment in the area should be pointed out to Government in the strongest terms. A business case should be put to Her Majesty's Treasury (HMT) for investment to enable growth.
- 2.B. The OPDC, with Transport for London (TfL) and the GLA, must bear down on the assumptions about infrastructure investment in the area to ensure only necessary (taking

into account future requirements) infrastructure is provided. As such the case for the London Overground stations at Old Oak still needs to be proven; affordability, value for money and technical viability all need to be assessed.

- 2.C. The OPDC must ensure planning policies for the area are in line with the emerging policies on affordable housing being developed by City Hall.
- 3. To review the level of support committed by central Government to date and where additional support might be appropriate

#### *Findings*

- 3.1. There is evidence a greater level of Government funding is being made available to other areas along the HS2 line. For example and as mentioned above, Birmingham will receive Government-led investment of £97m for a metro extension and has permission to expand its Enterprise Zone also.
- 3.2. There has been and there remains strong support for having an MDC from Government departments, particularly the Department for Communities and Local Government (DCLG) and the Department for Transport (DfT). Each has a place on the OPDC Board (as do HS2 and Network Rail). But this hasn't translated into financial support or support for fiscal reform. Funding for the MDC and its work programme has been funded by the Mayor for London to date with no commitment to future funding from Government. HS2, however, is a national project and an exceptional infrastructure scheme: the largest transport project in the UK for over 50 years and possibly since Heathrow Airport was built. So funding the infrastructure to underpin homes and jobs around the new station should not be considered 'business as usual' for London to be covered by existing funding streams.
- 3.3. Irrespective of any Government funding that does come forward, OPDC will need the ability to capture and retain incremental business rates over a sustained period of time, as Old Oak regenerates, to help fund the infrastructure bill.

#### *Recommendations*

- 3.A. As above, a strong case must be made to Government to provide financial support, new powers and value capture mechanisms to meet the cost of infrastructure funding.
- 3.B. Appreciating that this support may not be in the form of direct grant, the Government, and particularly HMT, must work closely with the Mayor to explore how fiscal devolution can be used to support development and growth in the area. The requirements of the area should feed into the current discussions on further devolution to London.

4. Review the constraints on deliverability and the likely timetable for regeneration and development at Old Oak Common, taking account of the level of additional infrastructure required, the requirements of HS2 and Crossrail and the timetable associated with the railway developments.

#### *Findings*

- 4.1. On the assumption the HS2 Bill receives Royal Assent in December 2016, much of the land to the south of the canal (see Map 1) will be tied up to deliver the new station and tracks until 2024-25. Development in this area is uncertain given these constraints. Even if a favourable land deal is negotiated, development will be slow with new homes and workspace not ready ahead of the 2030s.
- 4.2. It remains unclear why Government does not think it would be economically advantageous, given Old Oak's strategic location, to undertake enabling works at the HS2 station. It is not the Mayor's station but rather a national infrastructure project. Furthermore, this would also provide for parity with the investment the Government has already committed to deliver enabling works at Euston station.
- 4.3. The continued positioning of a Crossrail Depot and maintenance facility in the core development area – and the previous failures to find a suitable solution – have resulted in the loss of valuable development land and depressed land values for adjacent sites. The positioning also compromises OPDC's ability to create an attractive place. Land values will need to increase considerably to pay for potential relocation or to retrofit an engineering solution that would allow over-depot development.
- 4.4. Since the review was announced, the pace of development has begun to increase. Development to the north of the canal (see Map1) is actually coming forward at a faster rate than expected. Planning permission for Oakland's was granted on 3 August 2016, providing just over 600 new homes. There are live pre-application discussions with Cargiant and London and Regional on the Old Oak Park development for a scheme of 6,500 homes, which will provide construction starts by 2020. The OPDC has just received their second major planning application for the North Kensington Gate development. This will deliver a further 600 homes. In all, the OPDC currently has over 11,000 homes in pre-application, with over 13,000 in the planning system – none of which are sited on Government land subject to the MoU.
- 4.5. But development in different parts of the site is moving at differential speeds. The OPDC's master planning exercise must ensure infrastructure is phased and planned effectively and, as each development comes forward, it links into other development sites and works hard to integrate this new area into the surrounding areas of Willesden, Harlesden, White City and North Acton. Other, private sector-led, master planning exercises are taking place already.
- 4.6. This level of development north of the canal, together with HS2 work sites, will have a major impact on the transport network in the area. And there will be a knock on effect on the adjacent Park Royal industrial area. Full development of the core area is needed to maximise the infrastructure investment in both the local and strategic transport networks.
- 4.7. Leadership on infrastructure planning in the area is unclear. Although the OPDC with TfL is doing a sound job on transport planning, there needs to be further work on all aspects of infrastructure including water, power, sustainability and broadband. This work needs to go beyond the core development area and encompass Park Royal effectively.

### *Recommendations*

- 4.A. The OPDC must provide clear and singular leadership for the area, and be seen to do so, working with the Mayor, the GLA, TfL and the boroughs to convene stakeholders and remove blockages to delivery.
  - 4.B. Government must make it clear it expects Whitehall, HS2 and Network Rail to work collaboratively with the OPDC so as to facilitate its place making role.
  - 4.C. The OPDC must continue to press forward with developments to the north of the canal, ensuring appropriate planning applications are brought forward rapidly.
  - 4.D. Discussions should take place with Government to determine if there are parcels of land in the north of Old Oak that can be transferred to the Mayor early, and ahead of the main land deal being concluded, so as to catalyse development. The OPDC should also explore making acquisitions of small, privately-owned plots of land that could potentially also accelerate and help coordinate development in the north of the area.
  - 4.E. The OPDC's resource allocation must reflect that development will happen to the north of the canal more rapidly, with a lower level of resource going into the southern half of the core area at this stage.
  - 4.F. It is vital, however, that a credible longer-term plan be put in place for bringing forward a new commercial centre at Old Oak South. To facilitate this, TfL should conduct and present the Mayor with a thorough options appraisal for repositioning or retrofitting the Crossrail depot.
  - 4.G. The Mayor should press Government to deliver enabling works to allow for development of sites immediately adjacent to the new HS2 station at Old Oak.
  - 4.H. The OPDC must quickly progress its master planning exercise. It must, however, do so cognisant of the existing private sector-led master plans for the area and harvest the best ideas from them for use in its plan.
  - 4.I. The OPDC must be mindful of the needs of local residents and businesses in all it does, communicating clearly and widely and listening to and addressing concerns about forthcoming developments and their impacts.
5. To review the governance arrangements for OPDC in light of these issues and its history so far.

### *Findings*

- 5.1. There is strong and broad support for the MDC and a recognition it can fulfil an important leadership and convening role locally. The review found, essentially, no desire to revert to having the boroughs and the GLA lead interventions. In fact, some stakeholders argued the OPDC needed to be stronger in fulfilling its leadership role.
- 5.2. The review heard divergent views as to whether or not Park Royal should have been included within the OPDC boundary. Yet its future as a vital industrial site for London will be better protected and enhanced by ensuring it is effectively linked to Old Oak's new infrastructure, commerce and homes; that is, by taking a holistic view. In the short and medium-terms, OPDC also has an important role to play in working with the boroughs to address more immediate infrastructure challenges and to ensure businesses are informed and can influence developments – and that negative impacts are mitigated.

- 5.3. The review also heard representations that the OPDC boundary should be redrawn so as to exclude Wormwood Scrubs. And the case for including Wormwood Scrubs is less clear cut than for Park Royal and needs to be examined. Removing the Scrubs could potentially allow the MDC a more singular focus on its core development and regeneration purpose and allay concerns the Scrubs will serve as a substitute for new green space within Old Oak. Wormwood Scrubs could be protected as a valuable amenity and ecological space outside the OPDC boundary.
- 5.4. The Board is dominated to its detriment by public servants talking to each other. Members include officials from DfT, DCLG, Network Rail and HS2.
- 5.5. The Board is presently without a Chair.
- 5.6. Although there are currently about 1,500 residents in the area, this is set to rise and the development and railway building timetables mean existing residents will be living with the impact of this construction activity – noise, dust and congestion – for a considerable period. The Board only has one, unsupported resident/community representative and some of these residents are difficult to reach.
- 5.7. Park Royal is a vibrant and diverse business area. But it will suffer from the impact of construction traffic and congestion. This area, at the edge of three boroughs, has suffered from historical under-investment in infrastructure. On the Board, the voice of businesses across the area is provided by a single, unsupported representative.
- 5.8. The Planning Committee is run along a traditional local government model and has a single representative from each borough.

#### *Recommendations*

- 5.A. That the OPDC, working with the GLA, investigates the feasibility and implications of redrawing the Corporation's boundary so as to exclude Wormwood Scrubs.
- 5.B. A new Chair must be appointed as a matter of urgency to signal how serious the Mayor is about bringing forward appropriate development in the area. This Chair must have close working relationships with City Hall, share the Mayor's vision and be able to champion the asks of Government outlined above.
- 5.C. The DCLG, DfT, Network Rail and HS2 public officials should be asked to step down from the Board and offered observer status instead.
- 5.D. The resulting vacancies on the Board should be used to recruit experts with property and commercial knowledge and experience – and preferably local knowledge also.
- 5.E. Support for business and community Board members must be provided to enable them to properly represent their constituent groups. Other regular forums outside the Board and Planning Committee should be developed to allow the voice of business and the community to be heard and shape decision making.
- 5.F. The Planning Committee should have an additional representative from the London Borough of Hammersmith & Fulham to reflect the fact that the largest part of the core development area is in that borough.
- 5.G. The OPDC should adopt innovative practice on community engagement in the pre-planning and master planning process, ensuring that decisions, pre-app discussions and advice are as transparent as possible.

6. Review the nature of the development being proposed, including the level of affordable housing

#### *Findings*

- 6.1. The high cost of infrastructure could have a negative impact on the type and density of development, pushing developers to bring forward schemes that compromise on open space and social infrastructure and that are not conducive to creating sustainable, high quality neighbourhoods.
- 6.2. The OPDC's planning policies are now closely aligned with those of the GLA and it is ensuring its affordable housing policy will be in line also with the Mayor's emerging policy on affordable housing.

#### *Recommendations*

See recommendations above in relation to approaches to Government for support to reduce the high cost of infrastructure.

7. Review the resourcing of OPDC with a view to bringing forward recommendations to ensure it can deliver both efficiently and effectively.

Note: This additional line of enquiry was identified after the review had commenced.

#### *Findings*

- 7.1. Since the review began, the Mayor's plans for the Homes for Londoners team have become firmer. It is clear this new organisational arrangement will create a centre of excellence to deal with land deals and to bring forward housing development.
- 7.2. There are a number of other areas of OPDC's work that would also benefit from additional expertise and resource. This could be achieved by making greater use of shared service arrangements with City Hall. The economies of scale, reduced reliance on consultants and the potential efficiencies of linking the work of the OPDC with other teams within City Hall could result in revenue savings for the OPDC and the GLA – compared to continuing with, and as work increases enlarging, OPDC's existing structures.

#### *Recommendations*

- 7.A. The OPDC must bring forward plans to make greater use of shared services with City Hall and/or the local boroughs so as to bear down on the revenue costs of running the organisation. This plan must be in place as part of the GLA budget setting process for 2017/18.
- 7.B. The OPDC and the GLA should consider the potential for the land from Government to be transferred to Greater London Authority Land & Property (GLAP) – a company established and wholly owned by the GLA – to make use of this existing structure and reinforce the role of Homes for Londoners in supporting regeneration at Old Oak.



# Map 1

