

CEO DECISION – CD 140

Title: Funding Strategy – Industrial Regeneration

Executive Summary:

OPDC has ambitious plans for Industrial Regeneration over the next ten years, but we cannot achieve our ambitions without significant investment from the private and public sector. Currently unfunded proposals that would significantly improve the productivity and resilience of the industrial estate and support industrial intensification include: redesigning the transport network; reinforcing energy infrastructure; and improving digital connectivity.

OPDC will procure external consultants to develop a funding strategy with a view to identifying a stable funding stream over the next ten years which can be used to deliver the Industrial Regeneration programme. The commission will:

- Estimate funding requirements over the next ten years
- Complete detailed assessments for a range of funding options
- Assess appetite for match funding and collaboration with stakeholders
- Make recommendations and create a ten-year funding plan with a range of options
- Create detailed delivery plans for individual funding solutions, e.g. an Enterprise Zone

Decision:

The Chief Executive Officer approves:

- Expenditure of up to £90,000 to cover the cost of consultancy services to develop a Funding Strategy to support delivery of the OPDC Industrial Regeneration Programme over the next ten years.

CEO AUTHORISATION

I have reviewed the request and am satisfied it is correct and consistent with the OPDC business plan and priorities. It has my approval.

Name: *David Lunts*

Position: Interim OPDC Chief Executive Officer

Date: 15 September 2020

Signature:



PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1 Introduction and background

1.1 Park Royal is London's largest industrial estate. It accommodates a wide range of businesses from small start-ups to large multi-national brands which operate across a range of sectors. The Mayor's London Plan sets a target for an additional 10,000 new jobs and 1,500 new homes across Park Royal. OPDC's mission for the future of Park Royal rests on the three pillars of Protect, Strengthen, Intensify:

- **Protect** - the protection of retained industrial land for industrial uses
- **Strengthen** - supporting businesses and addressing the areas shortcomings to improve the operation and productivity of the industrial estate
- **Intensify** – meeting the Mayoral target to create an additional 10,000 jobs by supporting existing businesses to grow as well as attracting new businesses and new sectors to the estate.

1.2 OPDC has developed a programme to support industrial regeneration over the next 10 years which seeks to address the most pressing issues and capitalise on opportunities. It has been developed in consultation with businesses and stakeholders and through work that forms the Park Royal evidence base.

1.3 The Industrial Regeneration Programme is structured around four themes:

- **Innovation** – setting the benchmark for the future of industry in London
 - Clean Growth
 - Energy Infrastructure
 - 5G Testbeds
 - Digital Connectivity
- **Infrastructure** – Building capacity to support growth and creating a safer, healthier environment
 - Transport
- **Business and People** – supporting businesses, employees and residents to thrive
 - Business Engagement
 - Employment and Skills
- **Place** – Create a more desirable place to live, work and visit
 - Placemaking
 - Promotion
 - Resilient communities

1.4 Over the past three years we have sought funding for industrial regeneration projects by submitting applications to various funding pots with mixed success (as detailed below).

- Lottery Heritage Fund, Great Place Scheme – bid for and secured £1.5m
- Department for Digital, Culture, Media & Sport Local Full Fibre Network – bid for and secured up to £1m
- High Speed 2 (HS2) Business and Local Economy Fund – bid for £300,000, secured £255,000
- Greater London Authority (GLA) Good Growth Fund – bid for £1.6m (Harlesden and ORB), secured £850,000
- Transport for London (TfL) Liveable Neighbourhoods – bid for £8.7m, 2020 round delayed/cancelled due to Coronavirus (Covid-19).

- Ministry of Housing, Communities & Local Government Future High Streets Fund – bid for £8-9m, unsuccessful
 - Ministry of Housing, Communities & Local Government Getting Building Fund – bid for £8.7m, unsuccessful
 - London Economic Action Partnership Business Navigator programme – bid for £78,000, unsuccessful
- 1.5 OPDC has designed many of its potential programmes to suit external funders' criteria, often reducing the scope and scale of projects to meet funders parameters. As well as impacting project design this has also limited OPDC's ability to develop a strategic medium-to-long-term programme to support Park Royal and make longer term investment decisions about the improvements required.
- 1.6 OPDC will commission external consultants to develop a funding strategy which will help us identify a stable funding stream to deliver the Industrial Regeneration programme over the next ten years.

2 Objectives and expected outcomes

- 2.1 The objective of this commission is to identify a stable funding stream over the next ten years which can be used to achieve the ambitions of the Industrial Regeneration Programme. The commission will:
1. Estimate funding requirements over the next ten years
 2. Complete detailed assessments for a range of funding options including:
 - development-related funding sources (i.e. Community Investment Levy and s106);
 - tax increment financing (i.e. business rates retention and stamp duty land tax);
 - transport taxations (i.e. workplace parking levy and Ultra Low Emission Zone charging);
 - business contributions including through Business Improvement Districts;
 - local, regional and central government contributions; and
 - bespoke taxation models.
 3. Assess appetite for match funding and collaboration with stakeholders
 4. Make recommendations and create a ten-year funding plan with a range of options
- Additional outputs:
5. Create detailed delivery plans for individual funding solutions i.e. Enterprise Zones. (The consultants will be asked to provide separate quotes for additional outputs and, as the commission progresses, we will decide whether these outputs are required or not. Approval to progress to this stage is covered by the funding being sought through this CD.)
- 2.2 This work will identify and quantify the long-term funding opportunities available to OPDC, its host Boroughs and the GLA. This will then allow OPDC to make longer term investment decisions and design programmes that will be far more effective, timely and compatible with the needs of Park Royal.
- 2.3 The Royal Docks project assessed a range of funding options in this way before establishing a stable funding stream to deliver their regeneration projects by setting up an Enterprise Zone and securing a mix of Strategic Investment Funding, Housing Infrastructure Funding, current retained business rates and borrowing against future retained business rates.

3 Equality comments

- 3.1 There are no particular equalities implications directly arising but the project will have 'due regard' to the need to (i) eliminate unlawful discrimination, harassment and victimisation; (ii) advance equality of opportunity between people who share a relevant protected characteristic and those who do not; and (iii) foster good relations between people who share a relevant protected characteristic and those who do. Protected characteristics under section 149 of the Equality Act are age, disability, gender re-assignment, pregnancy and maternity, race, religion or belief, sex, sex orientation, and marriage or civil partnership status (all except the last being "relevant" protected characteristics).

4 Other considerations

Risks

- 4.1 Risk 1 - Conflicts with other strategies/studies that are being commissioned. The proposals being recommended within the strategy may conflict with other proposals from studies or strategies that are being developed concurrently.
Mitigation - Ensure that continued discussions take place during the development of all related strategies to ensure that they are aligned.
- 4.2 Risk 2 - External stakeholders may disagree with proposals being made within the Funding Strategy. Disagreements may arise from stakeholders, which could affect the timing of the completion of the project.
Mitigation - Include stakeholders within the development of the strategy. Senior management team will review and sign-off the strategy at key stages in its development.
- 4.3 Risk 3 - The scope and budget may creep up during the project. During the project, additional inclusions may be identified which will result in a variation to the scope and an increase in budget.
Mitigation - Fortnightly review meetings with the consultants and client have been requested within the scope.
- 4.4 Risk 4 – The recommended funding strategy may not be deliverable.
Mitigation – The consultants will be required to assess the feasibility of funding options, assess appetite for collaboration and set out realistic delivery plans as part of the commission.

Stakeholders

- 4.5 The Funding Strategy will require external input and local stakeholders will be invited to join steering or working groups or contribute through workshops or consultation events. Local stakeholders will include:
- GLA
 - London Borough of Brent
 - London Borough of Ealing
 - London Borough of Hammersmith and Fulham
 - West London Alliance
 - Park Royal Business Group
 - Park Royal's residential communities
 - Local businesses
 - Developers / Landowners
 - HS2

- TfL

- 4.6 OPDC has considered other options for resourcing this work, including using in-house staff. However, we have concluded that engaging a specialist external organisation (with access to greater expertise, resource and networks than OPDC or the GLA) for a short period of time will provide better value for money than recruiting or seconding new staff members. OPDC will continue to work with expertise within the GLA group to ensure consultant input is focused where such resource is not available.

5 Financial comments

- 5.1 Expenditure of £90,000 to appoint consultants to prepare a Funding Strategy will be funded from the 2020/21 Funding & BID Establishment budget which sits within the Delivery directorate.
- 5.2 Any changes to this proposal, including the requirement of additional funds will be subject to further approval via the Authority's decision-making process.

6 Legal comments

- 6.1 The report above indicates that the decision requested of the Chief Executive falls with 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.
- 6.2 In taking the decisions requested, the Chief Executive 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 between persons who share a relevant protected characteristic and persons who do not share it and foster good relations between persons who share a relevant protected characteristic and persons who do not share it (section 149 of the Equality Act 2010).
- 6.3 The services required should be procured in accordance with the OPDC's Contracts and Funding Code by relevant procurement officers. Officers must ensure that an appropriate contract variation is put in place and executed by the consultant and OPDC before provision of the services.

7 Planned delivery approach and next steps

- 7.1 The Senior Responsible Owner for this commission is Ben O'Neil and the Lead Officer is Kate Richards.
- 7.2 The Tender Review Panel and Client Group are Kate Richards (OPDC), Beverley Archer (OPDC), Chris Roche (OPDC) and Shelim Shakir (Royal Docks).
- 7.3 External consultants will be procured to help OPDC develop the Funding Strategy. They will be procured through a competitive procurement process and in line with OPDC's Contracts & Funding Code.
- 7.4 Tenders will be reviewed by a panel made up of OPDC staff and external stakeholders
- 7.5 Fortnightly project meetings will be held to monitor project progress, with the OPDC Client Group and Consultant/s in attendance.
- 7.6 The Consultant/s will produce an Inception Report which will be submitted to OPDC's Client Group for approval.

- 7.7 The Consultant/s will produce an Interim Report which will be submitted to OPDC's Client Group and OPDC's SMT.
- 7.8 The Consultant/s will produce a Final Report which will be submitted to OPDC's Client Group and OPDC's SMT.

Activity	Timeline
Issue tenders	Aug 2020
Appoint consultants	Sept 2020
Inception report	Oct 2020
Interim report	Jan 2021
Final report	Mar 2021

Appendices and supporting papers:

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the OPDC website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.

Note: This form (Part 1) will either be published within one working day after approval or on the defer date.

Part 1 Deferral:**Is the publication of Part 1 of this approval to be deferred? YES**

If YES, for what reason:

It is important that this information is not made public in advance of this as it could lead to consultants providing inflated prices to complete the works. This information should not be made public until after the consultants have been appointed.

Until what date: 30 September 2020

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – NO

ORIGINATING OFFICER DECLARATION:

Drafting officer
to confirm the
following (✓)

Drafting officer:

Beverley Archer has drafted this report in accordance with OPDC procedures and confirms that:

✓

Financial and Legal advice:

The Finance team has commented on this proposal, and this decision reflects their comments.

✓

The Legal team has commented on this proposal, and this decision reflects their comments.

✓

CHIEF FINANCIAL OFFICER:

I confirm that financial implications have been appropriately considered in the preparation of this report.

Signature

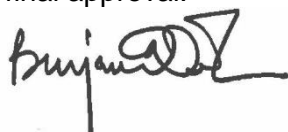


Date 15/09/20

Development Director

I confirm that I have reviewed this request and can confirm that I am satisfied it is correct and consistent with the OPDC business plan and priorities. It has my clearance and can be referred to the CEO for final approval.

Signature

A handwritten signature in dark ink, appearing to be 'Benjamin', written over a light blue horizontal line.

Date 10th September 2020