

**CEO DECISION – CD168**

**Title: GLA Land Fund Business Case - Savills and Gort Scott support**

**Executive summary**

This decision seeks approval for Gort Scott Architects (GSA) and Savills to provide technical expertise to support the development of a business case for Greater London Authority (GLA) Land Fund investment. External consultancy input is required to undertake plot testing and feasibility work, and to provide the independent due diligence required for the GLA to approve an investment from the Mayor's Land Fund.

OPDC jointly appointed GSA with Homes England in February 2021 through Transport for London's (TfL's) Architecture, Design and Urbanism (ADUP) framework using a competitive procurement process. Approval for their appointment and the first phase of work was approved under CD149. Commercial input forms part of the scope of an existing call-off contract with Savills as they were appointed in 2019 to provide Strategic Financial and Real Estate Services to the Corporation as approved under CD98. Savills and GSA have been providing consultancy expertise to OPDC to support the Western Lands delivery strategy.

This work is intended to approve the necessary funding for acquiring land and delivering OPDC's objectives to accelerate the delivery of between 1100 and 1500 new private and affordable homes in line with OPDC and the Mayor's housing policies.

**Decision**

That the Chief Executive approves:

- i. Expenditure of £86,000 in 2021/22 for Savills to undertake financial and economic feasibility work for potential GLA investment sites.
- ii. Expenditure of £31,500 in 2021/22 for Gort Scott Architects to provide architectural services to support the GLA Land Fund business case.

This approves a total of £117,500 for work on developing early sites and the GLA Land Fund business case.

**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:** 23 November 2021

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

### **1 Background and context**

- 1.1 The Mayor of London has, to date, invested approximately £70m in housing delivery in Old Oak to date. This includes investments from the Affordable Housing Programme, the London Homebuilding Bank and Land Fund and supported 2,600 starts. Most of these investments have been in ad-hoc third party led schemes.
- 1.2 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.
- 1.3 OPDC officers have been working with the GLA's Housing & Land Directorate to identify appropriate opportunities for the GLA to invest in accelerated housing delivery and create more affordable housing within the OPDC area. This includes potential support for the land within the area of the Western Lands. The GLA Land Funds, totalling circa £750m, support programmes that accelerate housing delivery, increase affordable housing, and unlock industrial intensification.
- 1.4 Through the work to date on the Western Lands, OPDC have identified several residential-led investment opportunities that may meet GLA Land Fund criteria.
- 1.5 OPDC has taken these opportunities to the GLA Land Fund's Inception Group and Steering Group stages and has secured officer support to progress proposals to the next stage.
- 1.6 Securing a significant package of funding support from the GLA Land Fund would further OPDC's objectives in the following ways:
  - It would accelerate the delivery of 1,100 to 1,500 new homes within the OPDC area, and facilitate the delivery of affordable housing.
  - Funding would enable a critical mass of development to form a meaningful first phase of the Western Lands development scheme, generating confidence in the market, bolstering OPDC's ability to secure support from its partners, and strengthening the public sector's position in future developer procurement for subsequent phases.
  - Achieving funding from the GLA is a significant step towards securing Government funding for the wider Western Lands opportunity. Through our consultation with Government stakeholders, they have indicated that they would

want to see funding coming from a variety of sources to demonstrate that the relevant local and regional stakeholders are invested and committed to the project.

- 1.7 This commission will support the preparation of a business case to establish the merit of each opportunity and make the case for a significant programme of investment in the OPDC area, treating these early delivery opportunities as a coherent portfolio whilst meeting the GLA's investment criteria, and an important first step in unlocking our wider ambitions.
- 1.8 The business case is being developed by OPDC officers drawing on in-house expertise. However, the GLA's land fund due diligence specifies that OPDC must have independent financial and commercial advice which also gives them full duty of care for the reports to assist them with scrutinising our proposal. This is a condition of the land fund and this work will provide that independent assurance.
- 1.9 Therefore, in order to satisfy this condition specialist consultancy input is required from two different disciplines offering cost-effective resource support and independent technical advice:
  - Gort Scott will provide architectural technical assurance and development capacities to inform a credible viability appraisal,
  - Savills will offer an independent valuation of each opportunity and build a bespoke financial appraisal that can underpin the cost benefit analysis for the business case.
- 1.10 OPDC are aiming to reach agreement with the GLA on the investment opportunities that will be taken through the GLA's formal governance stages by late 2021. OPDC's proposals will be subject to the same impartial review by the GLA as other investment opportunities in London.

#### *Procurement background*

- 1.11 GSA entered into a call-off contract with OPDC in February 2021 to provide architectural services to the Western Lands delivery strategy. Entry into the contract was approved by CD149 and funded by the 2020/21 Western Lands budget. This CD provides financial authority for the next stage of work in line with the scope of that appointment.
- 1.12 GSA were appointed from the Architecture Design & Urbanism Panel (ADUP) through a competitive procurement process managed by TfL Procurement, in line with OPDC's Contracts & Funding Code. The call-off contract allows for OPDC to appoint GSA to undertake additional tasks to support the delivery of the overall objectives of this commission, commissioned via a mini-brief at rates as per the original call-off contract. If approved, this new expenditure will take the total expenditure under the OPDC's call-off with GSA to £170,000.
- 1.13 Savills were appointed by competitive tender through the Homes and Communities (HCA) Property Panel in 2019 to provide Strategic Financial and Real Estate Services on a call-off contract as approved by CD98 in January 2019. Savills were selected as the preferred bidder. This work is being instructed in accordance within the scope, timing and financial limits set out within OPDC's appointment as follows:

- 1.14 Undertake finance and funding strategy and financial modelling.
- Review and advise on funding and investment opportunities for the scheme, or parts within it including property and infrastructure opportunities.
  - Provide key inputs to the financial model from the real estate market to calculate land returns.
  - Undertake regular updates to the financial model and key inputs to reflect scheme changes, market movements and delivery mechanisms, based on market insight and research.
  - Supporting business cases to secure public-sector funding from GLA, Treasury or other sources.
- 1.15 If approved, this will take the total expenditure for Savills since the approval of the Western Lands strategy and associated work to £379,000.
- 1.16 The commission of external consultants to support the submission of this business case to the GLA is necessary to provide cost-effective resource support to the OPDC team, which is a lean team managing a wide range of early-stage opportunities. It is also essential for the credibility of the business case that the inputs are impartial and independent, and therefore must be provided by technical experts who operate at arm's length. Furthermore, commissioning Gort Scott and Savills, with their experience on the Western Lands Strategic Outline Case, allows for efficiencies which would be lost if OPDC were to re-procure a new consultant team.
- 1.17 This work is complementary to, but separate from, the programme of work being undertaken to support the development of a Strategic Outline Case (SOC) for central government investment in the Western Lands and as such does not fall under the delegation from Board. While both GSA and Savills are involved in the SOC work, this is a distinct commission under the call-off contract.

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

- 2.1 The consultant input required to support the GLA Land Fund Business Case will be split into two workstreams, to be undertaken by GSA and Savills as set out below.

### *GSA site capacity testing*

- Site analysis of 'early win' sites and review of existing baseline studies.
- Site capacity testing of 'early win' sites identified for accelerated delivery, to support the development of a high-level viability model and business case.
- Additional tasks as required to support the development of the business case and aid discussions with GLA and other stakeholders.

### *Savills feasibility study and viability model*

- Site and market analysis of five 'early win' sites.
- Option identification and development.
- Financial modelling and analysis.
- Provide advice on how sites should be incorporated into Western Lands phasing assumptions.

- 2.2 OPDC intends to instruct Savills to provide the above services through their existing call-off contract with OPDC.
- 2.3 A variation is proposed to GSA's existing call-off contract to incorporate additional architectural technical assurance tasks into their instruction to include expenditure relating to this decision and CD162. TfL Procurement have advised this contract extension and value variation is acceptable and meets procurement regulations as well as the conditions for variation in the call-off contract. It is in line with OPDC's Contracts and Funding Code. A variation recommendation will be completed and appended to the contract.

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

- 3.1 Public sector funding support is required to ensure delivery of both strategic infrastructure and exemplary placemaking in the Western Lands.
- 3.2 The objectives of the proposal are:
- To provide a high-level capacity study for the sites identified for accelerated delivery, including an indication of the quantum of housing units and area of non-residential space.
  - To provide an initial viability appraisal and economic analysis for each site and delivery advice to inform the business case to the GLA Land Fund.
- 3.3 The outcomes of the proposal are:
- Reach agreement with the GLA on the investment opportunities that will be taken through the GLA's formal governance stages for GLA Land Fund Business Case
  - Accelerate coordinated housing delivery in the Western Lands
  - Unlock investment to deliver more affordable homes
  - Support regeneration and economic recovery
  - Deliver a meaningful first phase of development within the Western Lands regeneration scheme, as a proof of concept to the market and to stakeholders.
  - Demonstrate commitment on the part of GLA towards the Western Lands regeneration scheme, which will support OPDC's bid to Central Government for further funding for the wider Western Lands development.

### **4 Strategic fit**

- 4.1 If successful, GLA land fund investment could be an important and catalytic part of OPDC's overall funding strategy to bring forward the Western Lands. The targeted investment could bring forward an early phase of development of up to 1,500 homes that could form an important first phase of delivery ahead of the planned release of other major HS2 and Network Rail sites.
- 4.2 Adopting a comprehensive approach to delivery is an essential precondition for the success of OPDC's Western Lands approach. It will allow more homes to be built and accelerate delivery. It will facilitate earlier investment in infrastructure and deliver coordinated and comprehensive placemaking. And, in turn, this

comprehensive approach will enhance the overall quality of development. For example, it will allow OPDC to; optimise environmental and carbon performance, zone housing types and unit sizes according to the character and viability of different areas, enhance local connectivity and legibility, deliver healthy streets and public spaces, and create a cohesive and liveable new urban district.

## 5 Project governance and assurance

- 5.1 The Development Director will act as Senior Responsible Officer (SRO) for the management of the Savills and Gort Scott contracts. Day to day management of the Gort Scott work will be led by the Head of Design with support from the Principal Urban Designer. The Land and Property Director will lead the Savills commission with support from the Senior Development Manager.
- 5.2 The SRO will coordinate, control and regularly monitor instructions and outputs, ensuring that relevant outputs are reported internally.
- 5.3 Regular project meetings will be held to monitor project progress, with the OPDC client group and consultant/s in attendance.

### *Risks and issues*

- 5.4 At a strategic level, the primary risks associated with this commission are in line with the risks attached to the overall Western Lands programme regarding funding and delivery, so they are not repeated here. However, it is anticipated that this commission will play a valuable role in mitigating some of these risks by providing a robust assessment of site capacity and feasibility advice on potential early delivery sites.
- 5.5 The following risks are associated with this proposal:

Risk description	Inherent Score	Mitigations	Target Score
Detailed constraints information not available for all sites	Likelihood: 4 Impact: 3 Total: 12	GSA/OPDC teams will maintain a tracker of project risks & assumptions that will be regularly updated and used to monitor and manage risks. This will be circulated to members of the project team.	Likelihood: 2 Impact: 3 Total: 6
The business case does not gain clear approval and decisions required from the GLA are either not supportive or not timely	Likelihood: 3 Impact: 3 Total: 9	OPDC have worked closely with GLA officers to identify opportunities for the Land Fund.	Likelihood: 2 Impact: 3 Total: 6
Scope creep	Likelihood: 3 Impact: 2 Total: 6	OPDC to carefully manage and monitor programme and outputs OPDC to monitor that the level of detail in the analysis is high level, in line with the early stage	Likelihood: 2 Impact: 2 Total: 4

## **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 There are no equalities implications arising from this decision.
- 6.3 OPDC's infrastructure, development and funding work is at an early stage and does not have yet any identifiable equalities impact. As and when specific proposals or recommendations from this work be brought forward, the equalities impact will be considered at that time.
- 6.4 GSA have been appointed from the GLA's Architecture, Design and Urbanism (ADUP) framework, where five per cent of the total evaluation score is allocated to social value. This Decision approves an instruction within that framework contract.

## **7 Other considerations**

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

## **8 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.

## **9 Financial comments**

- 9.1 Expenditure of up to £117,500 on consultancy services as described in this decision will be funded from the Western Lands 2021/22 budget. Further expenditure and contract variations are subject to the Corporations decision making process.
- 9.2 A summary of Western Lands approvals to date is provided below:

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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 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.

**FY21/22**

<b>Suppliers and procurement</b>	<b>Total Approval</b>
Expenditure under prior approvals	£ 98,159
Gort Scott - SOC Western Lands ( CD162)	£ 90,000
Savills- Business Case support (CD161)	£ 60,000
Savills- Additional Support on SOC (CD165)	£ 65,000
Quod Planning Advice (CD164)	£ 35,000
<b>This Approval: CD168</b>	<b>£ 117,500</b>
<b>Total</b>	<b>£ 465,659</b>
<b>Western Lands Budget 2021/2022</b>	<b>£ 705,000</b>
Budget remaining	£239,341

**10 Legal comments**

- 10.1 The report above indicates that the decisions requested of the CEO fall 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 The procurement of the additional consultancy services from Savills is valued at £58,000. As the officers have set out at paragraph 1.11 above, Savills was appointed following a mini-competition under an OJEU-advertised framework agreement. As further explained at paragraph 1.11 above, the services the subject of this phase of the project fall within the scope of the original contract.
- 10.3 The procurement of the architectural services from GSA is valued at £31,500. As the officers have set out at paragraphs 1.9 and 1.10 above, GSA was appointed following a mini-competition under the Architecture, Design and Urban Planning framework. Furthermore, as set out at paragraph 1.10 above, the call-off included a mechanism, which allowed the OPDC to request further services on pre-agreed rates.

**11 Summary timeline**

<b>Activity</b>	<b>Date</b>
Delivery start date	November 2021
Drafting of business case to GLA	November 2021
Agreement in Principle with GLA on Land Fund opportunities	Anticipated January 2022
Delivery end date	March 2022

**Other supporting papers**

- [30 January 2020 – Board Paper](#)
- [04 March 2021 – Board Paper](#)



## 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:** [Kerry Edwards](#) 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 [10 November 2021](#)

### Chief Finance Officer

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

**Signature:** 

**Date:** 22 November 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:** 20 October 2021