OPDC
OLD OAK AND PARK ROYAL DEVELOPMENT CORPORATION

CEO DECISION – CD 141

Title: Expert support from TfL and Savills in the areas of property, land assembly and viability

Executive Summary:

This decision form is seeking approval for expenditure on expert advice and input from Transport for London's (TfL) Operational Property team and from Savills.

TfL will advise across three main areas:

- property cost and land assembly due diligence for OPDC's Western Land work;
- expert advice in respect of OPDC's early activation projects where these involve a property interest (lease, licence or rights); and
- property input to inform the development and delivery of OPDC's Park Royal Programme.

The arrangement with TfL Operational Property is within the framework established by a "Working Arrangement Document" agreed between OPDC and TfL in October 2019. The decision form also seeks approval for an element of historic expenditure under this framework, to ensure there is clarity of approvals for this work.

Savills, on behalf of OPDC, carry out additional viability modelling sensitivities on OPDC's Western Lands proposals to assess likely residual land values and the viability gap under different scenarios of infrastructure and affordable housing requirements. This work will in turn help inform OPDC's Western Lands funding strategy, ahead of Local Plan viability work.

Decision:

That the Chief Executive Officer approves:

1. expenditure of £67,675 for services to be provided by Transport for London Operational Property to:
    - support land assembly due diligence work for the Western Land project (up to £20,000)
    - advise on OPDC's early activation and Park Royal projects where these involve a property interest (up to £10,000)
2. expenditure on support from Transport for London Operational Property for initial CPO feasibility work for OPDC's HIF bid in 2018/2019 (£37,675), thereby clarifying there is approval to pay the outstanding balance
3. expenditure of up to £5,000 for Savills to run additional sensitivities on the existing Channel Gate viability model

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: Chief Executive Officer

Date: 20 November 2020

Signature:

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1 Introduction and background

Western Lands: Background and delegation

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 Land' 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; and
- 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 In October 2020 the Board reviewed the progress of the Western Lands programme and approved the basis for the next stage of landowner and community engagement. The Board also approved a delegation to Officers, which, together with prior delegations from the Board, means senior officers have delegated authority to commit, via decision forms, the totality of OPDC's budget for Western Lands preparatory work in 2020/21 (£440,000). The approvals being sought for support from TfL Operational Property and Savills through this form are in line with the delegation of this budget.

Western Lands: Support from TfL Operational Property and Savills

1.3 Since January 2020, OPDC officers have engaged with key 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 Land. OPDC have 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.

1.4 OPDC officers have shared an initial analysis of the regeneration potential with the above partners and stakeholders, with a view to demonstrating that pooling public sector land and leveraging public sector investment can optimise development outcomes across the whole area. The initial review of this work has triggered several follow-up questions, many of which are technical in nature and require further work to provide either assurance or validation of certain assumptions and variables underpinning the analysis.

1.5 The questions have focussed on the following broad areas:

- infrastructure – providing greater certainty on cost and deliverability;
- land – providing greater understanding of the land that might be required to deliver infrastructure and public realm improvements; and
- viability and deliverability – providing greater certainty on funding requirements over time.

1.6 Specialist input from property surveyors and professionals within TfL's Operational Property team is required to deal with the land and property elements of the queries above. This input will inform the ongoing development and analysis of land assembly and development strategy opportunities and risks, including the use of OPDC's powers and opportunities to enter into land pool agreements between major landowners, among others.

1.7 OPDC has previously received input from TfL's specialist land assembly experts within Operational Property, including in support of the development of its previous Housing Infrastructure Fund (HIF) proposals. While there was a Board approval in March 2019 for spend of £650,000 on commercial support on land assembly and compulsory purchase order work – including strategy, property cost estimates, negotiation support and representation at enquiry – this form is providing clarity there is approval of historic spend of £37,675 incurred prior to March 2019.

1.8 OPDC intends to use Savills to run additional sensitivities on the existing Western Lands viability model to help determine development viability and to identify funding gaps that OPDC need to address through its Western Lands funding strategy. The sensitivities to be tested include the infrastructure costs funded by the development and different levels of affordable housing and associated grant. The sensitivities will also test the impact of different benchmark land values on the viability of development.

1.9 OPDC competitively procured Savills via the HCA Technical Advisory framework as its strategic property advisor. OPDC has a call-off contract in place, for the period January 2019 to June 2022. Savills were previously appointed to review development capacity in the Western Land area (CD133) and assess the viability of the Channel Gate site in support of OPDC's conversations with stakeholders as noted above. This additional work is within the scope of this existing appointment.

<u>Harlesden Canalside</u>

1.10 Following the award of £1.2 million capital funding from the Mayor of London's Good Growth Fund round 2, OPDC is working to deliver capital projects along the Grand Union Canal. In February 2020, the OPDC Delivery team gained approval to deliver the first phase of the Harlesden Canalside project (CD128). This included approval to procure and appoint a meanwhile operator, a landscape designer and a design consultant for the development of an operating model and a design brief, and the detailed design development of community workshop spaces, landscape improvements and public realm improvements at Harlesden Canalside.

1.11 OPDC has now appointed 3Space Limited as the meanwhile operators who will lead the project in partnership with architects, We Made That (who were appointed via a separate procurement exercise and approved under decision CD128. 3Space Limited have been procured to deliver:

- a series of workshop spaces with a provisional aim of providing space and infrastructure for an open-access boaters' and cycle repair workshop, and a community making and fixing workshop; and
- landscape and public realm improvements needed to implement the workshop spaces, and to increase safety along the canal, mitigate user conflicts, and demonstrate good placemaking along the canal.

1.12 The land is owned by the London Borough of Brent and therefore the project will require various licenses and leases to be granted by the Brent to allow for access to the site for events and activities, undertake construction activities and/or to lease and sub-lease the space.

1.13 Surveying input is required from the TfL Operational Property team to finalise the lease agreements required to deliver the project. Expenditure will be accounted for from the Good Growth Fund budget.

<u>Other Early Activation and Park Royal land and property input</u>

1.14 OPDC is delivering a range of immediate projects and planned improvements within its area. This includes improvements to other parts of the canal, the delivery of its Employment and Skills Hub within premises owned and managed by West London College.

1.15 OPDC is also at the earlier formulation stage of projects that are aligned with its regeneration objectives and may require it to consider taking an interest in land as part delivering those projects.

This decision approves OPDC commissioning TfL Operational Property to provide this input as required on an ad-hoc basis.

1.16 Expenditure will be funded from those programme's budgets within the limit set out in this decision (£10,000 as set out below).

2 Objectives and expected outcomes

2.1 The support of TfL Operational Property team with the Western Land workstream will help develop the delivery strategy, business case and support discussion with potential funders and partners to support OPDC's pursuit of opportunities to directly deliver or unlock delivery by others of homes, jobs and overall regeneration of the Old Oak and Park Royal opportunity area in line with the Mayor's aspirations as set out in the Local Plan and London Plan. The direct support may include advice relating to land assembly, the acquisition of land, land pooling and the use of OPDC's powers relating to land.

2.2 The support from TfL on the Harlesden Canalside project will allow OPDC to manage all occupation and rights issues including taking control of the site from the London Borough of Brent, securing any temporary rights required for construction delivery and grant appropriate rights to the procured operator for the duration of its appointment.

2.3 The objectives of input into other projects at a formulation stage will ensure that any land and property considerations and costs are considered at the right stage of developing projects.

2.4 The outcome of the Savills viability commission will be a short report detailing the residual land values and viability gap of a range of scenarios testing the impact of infrastructure costs, affordable housing levels and affordable housing grant. OPDC will use this work to inform decisions about any additional funding required for infrastructure delivery to bring forward the required development.

3 Equality comments

3.1 Under section149 of the Equality Act 2010 (the Equality Act), OPDC must have due regard to the need to eliminate discrimination, harassment and victimisation, and any conduct that is prohibited by or under the Equality Act; and to advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not.

3.2 Further work for Western Lands will be subject to equalities assessments at the appropriate time. However, this initial feasibility work is not anticipated to have any equalities impacts as this work is part of the initial stage of this project and such work will not make any recommendations for actions which might give rise to equality impacts; however, this will be kept under review

4 Other considerations

4.1 This work supports (in part) OPDC's Western Lands strategy which is still at a development stage and has not secured community, full stakeholder or

4.2 The risk of not securing this resource in a timely manner could impact on delivery team workstreams and ability to progress discussions and agreements with potential funders and delivery partners.

4.3 OPDC's Harlesden Canalside project is subject to a Good Growth Fund grant. Failure to secure the necessary interests would prevent OPDC delivering its grant objectives.

5 Financial comments

5.1 Expenditure for the activities stated in this report can be contained within the existing budget. The Development Director must ensure effective project monitoring is in place to prevent overspending against the budget. Further expenditure is subject to the Corporation's decision making process.

6 Legal comments

6.1 The report above indicates that the decision requested 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.

6.2 In taking the decisions requested, the CEO 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 (race, disability, gender, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment) 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). To this end, the CEO should have particular regard to section 3 (above) of this report.

6.3 Officers have indicated in paragraph 1.9 of this report that the framework under which it is proposed the services required were "called-off" in accordance with relevant procurement law; and the services required have been procured fully in accordance with the requirements of that framework.

7 Planned delivery approach and next steps

7.1 OPDC has a Working Arrangements with TfL and an existing call-off contract with Savills within which this work can be instructed.

7.2 Day to day leadership of the project will sit with the OPDC Delivery team, with oversight from the Development Director and the Chief Executive.

7.3 Outcomes relating to land and property rights required to deliver key infrastructure will be shared with the Planning Directorate to inform the Local Plan Infrastructure Delivery Plan if relevant.

7.4 Regular meetings will be held with TfL and Savills to monitor performance and review spend.

Appendices: None

Supporting papers:
1 – Working Arrangement Document (October 2019)
3 – OPDC Western Lands Board Paper (October 2020)

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? NO** If YES, for what reason: Until what date: (a date is required if deferring)
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: Katharine Richards 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 19/11/20

DIRECTOR OF Development

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:

Date: 19 Nov 2020