

Boris Johnson
Mayor of London
City Hall
London SE1 2AA

Our ref:
Date: 8th March 2016

Dear Boris,

OPDC Budget Proposal 2016-17

I am writing further to my letter of 3 December 2015 in which I indicated that we may need to have a discussion about the GLA's funding of OPDC dependent upon the outcome of discussions with Government regarding the Old Oak and Park Royal growth strategy.

The Department for Transport's Business Investment and Commercial Committee met on 29 February 2016 to consider a proposal to pool all of the land in public ownership at Old Oak Common in order to provide the best possible platform for the regeneration of the area. I am pleased to inform you that an in-principle decision was taken to transfer land held by DfT and Network Rail to the Old Oak and Park Royal Development Corporation (OPDC). As a consequence, OPDC will now need to undertake more detailed due diligence in advance of the future land transfer and prepare the organisation to become a land owner.

In February 2016 you approved a budget for OPDC in 2016-17 of £5.4m and due to the land transfer decision and the momentum this creates, a further £6m is now proposed. A considerable amount of additional work is required to undertake the legal, environmental and property due diligence and land surveys for OPDC to be satisfied before land is transferred. In addition, there are a number of Conditions Precedent set out in a draft Memorandum of Understanding, between the Secretary of State for Transport and OPDC that need to be satisfied before any land can be transferred into OPDC's ownership, which are summarised below:

- Master plan showing land uses and infrastructure requirements for the whole of Old Oak Common;
- Detailed master plan for Old Oak South (HS2 and Crossrail);
- OPDC Corporate Business Plan; and
- OPDC Delivery Plan

Further details of the work that would require to be undertaken in 2016-17 is attached.

I should be grateful for your agreement that the additional £6m required to carry out this work be funded by the GLA. I envisage, given the amount of preparatory work required, that a similar amount would be required for 2017-18 and 2018-19 and I have asked officers to prepare further detail for discussion with the GLA. Old Oak and Park Royal will become London's largest regeneration project since the 2012 Games and I trust that you agree provides a significant opportunity for the delivery of new homes and jobs in London.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'E Lister', with a stylized, cursive script.

Sir Edward Lister
Chair

Cc: Victoria Hills, Chief Executive, OPDC
Doug Wilson, Chief Finance Officer, OPDC
Martin Clarke, Executive Director of Resources, GLA
David Gallie, Assistant Director, Group Finance, GLA

OPDC's additional work streams for 2016-17

The following headings outline the additional work streams that would be required for OPDC to be satisfied before land is transferred.

Land due diligence

- Title and legal reports
- Contamination, environmental, geotechnical surveys and building reports
- Formal Red Book valuations of the land to be transferred
- Drafting of heads of terms and legal agreements

OPDC's Old Oak Master Planning and Infrastructure Cost Study

- As set out within the Land Transfer Memorandum of Understanding as a Condition Precedent, OPDC are required to undertake a master planning exercise of Old Oak. Due to the site's importance and calibre of the scheme that will be required, OPDC will appoint a team via OJEU; the team should be appointed in Q2 2016-17 to start undertaking their study.
- Update cost exercise of the infrastructure items and buildings from the revised master plan.

Financial Update

- Following a review of the master plan and infrastructure costs OPDC will be able to appoint a consultant to update their financial position to incorporate the revised costs and densities to determine the revised funding position.

Old Oak South Master Planning and Technical Feasibility (HS2, TfL and OPDC)

- Cost exercise to review TfL's Crossrail Depot deck enabling costs.
- Undertake an integrated design and master planning study of the Crossrail Depot and HS2 deck being guided by commercial viability input. Preferred option from a master planning, financial and technical feasibility perspective to feed into Government Board Approval processes and HS2 station design procurement.

Additional OPDC Staff

- As OPDC prepare to be a land owner they need to hire additional staff to manage the above work streams:
 - o Property Accountants
 - o Property Managers
 - o Asset Managers
 - o Development Managers
 - o Land Managers

