OPDC
OLD OAK AND
PARK ROYAL
DEVELOPMENT
CORPORATION

CEO DECISION – CD 154

Title: Procurement of Savills for Western Lands Valuation Support

Executive summary

This decision form seeks approval for consultancy expenditure on development valuation, economic analysis and market research to inform the Strategic Outline Business Case (SOBC) for OPDC's Western Lands delivery strategy.

The commission will build on Savills viability and cashflow modelling work (authorised by CD148) and will be carried out under the existing real estate advisory call-off contract with OPDC. This approval is being made under the delegation to officers granted by OPDC's Board at its October 2020 meeting.

Decision

That the Chief Executive approves:

1. Extension of the approval under CD148 (of £100,000) by up to £25,000, and expenditure of the same for additional deliverables to be provided by Savills under the existing call-off contract to support the development of a Strategic Outline Business Case (SOBC) for OPDC's Western Lands strategy by:
   i. establishing Existing Use Value (EUV) for all government owned sites in the western lands strategic project areas (existing scope is to consider residual land values - RLV)
   ii. undertaking high-level economic analysis and establishing an estimated Benefit Cost Ratio (BCR) for OPDC's proposals
   iii. providing advice on market demand, changes to procurement and state-aid regulation and delivery/partnership models suitable for securing private sector development partners

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:** 03 March 2021

PART 1: NON-CONFIDENTIAL FACTS AND ADVICE

Background and context

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 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

1.2 Since January, 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 develop the Western Lands strategy. OPDC has 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.

1.3 OPDC's Planning Policy team have been working on proposed modifications to the draft Local Plan that would allocate new sites in the 'Western Lands area for residential led, mixed use development.

1.4 To support the delivery of the Local Plan's targets, OPDC's Development Team is developing a funding and delivery strategy, focussed on the following areas:

- funding – where planning gain may not fund sufficient infrastructure, or fund it early enough in the development cycle to support accelerated, high quality delivery
- infrastructure – providing greater certainty on cost, deliverability and timing of delivery required to support development
- land and rights – providing greater understanding of the land that might be required to deliver infrastructure and public realm improvements
- viability and deliverability – advice for specific development sites that could be brought forward more quickly

1.5 Cumulative approved expenditure on Western Lands preparatory work in 2020/21 totals £410,000.

Suppliers and procurement	**Total Approval (within FY21/22)**	**Decision**
Prior+Partners - initial concept work	£ 33,000	Board Urgency May 2020
Deloitte land assembly due diligence	£ 15,000	Board Urgency May 2020
Savills - initial viability review viability	£ 5,000	CD141
TfL Operational Property - Siobhan WL Land Assembly	£ 20,000	CD141
Newbridge - land strategy and SOBC support	£ 40,000	CD144
(Mott MAC) Infrastructure Costing (Local Plan)	£ 104,000	CD145
Savills viability and modelling work	£ 100,000	CD148
Gort Scott architecture work	£ 68,000	CD149
Total	**£ 385,000**	
Proposed decision: Savills additional viability, economic analysis and market demand advice	*£ 25,000*	*CD154*
Total	**£ 410,000**	

1.6 The 13 October Board paper approved a delegation for the Development Team's Western Lands budget of £440k. This approval is being sought within that delegation.

The proposal and how it will be delivered

2.1 Savills have detailed knowledge and experience of working in the OPDC area and this work is congruent with the scope procured under the approved under CD148 and procured HCA Contract No. DN336104. The existing scope includes development and valuation work, capacity testing and cashflow analysis. This supplementary approval is for additional deliverables to support OPDC's SOBC and the financial, economic and commercial cases therein.

2.2 The commission will cover the following work streams:

- obtaining professional valuation advice on the EUVs of all government owned commercial and industrial sites within the Western Lands project areas.
- completing Benefit Cost Ratio (BCR) modelling for the reference case and intervention case relative to the wider economic benefits and costs the scenario will produce

- advising OPDC on market demand and potential options for partnering with the private sector to deliver Western Lands, including agency advice on the latest trends and practices relative to procurement, state aid regulation, and delivery legal structures for major public-private regeneration schemes

2.3 OPDC has positively engaged with both MHCLG and Homes England and has been encouraged to develop proposals to the SOBC stage in anticipation of the proposals being a suitable candidate for anticipated funding. However, as such funding has not been formally announced and the eligibility of OPDC's proposals will need to be confirmed, all expenditure will be closely monitored. OPDC will reserve the right to stand-down or terminate work should it wish to do so to avoid any abortive work.

2.4 OPDC intends to instruct Savills to provide the above services by variation to their existing call-off contract with OPDC (HCA Contract No. DN336104).

Objectives and expected outcomes

3.1 The objectives of the proposal are to:

- Establish a baseline valuation of government land within the Western Lands area in order to inform the SOBC and negotiations for land transfer
- Carry out an initial economic assessment including high-level BCR to support the SOBC
- Make recommendations on the potential structuring and procurement of private sector development partners for the delivery of Western Lands infrastructure and development

3.2 The expected outcomes of the proposal are:

- A detailed summary of EUVs that will be used as assumption in the valuation model to determine accurate funding scenarios for the SOBC.
- A baseline and intervention BCR analysis that will guide strategic direction of the SOBC
- An understanding of interest in the market for master developers to be brought into the procurement when certain conditions are met relative to project benchmarks.

Strategic fit

4.1 This proposal supports OPDC's Western Lands strategy; a revised delivery approach which was approved by the Board in January 2020. It provides technical work necessary to support the SOBC for funding.

Project governance and assurance

5.1 The Development Director will act as Senior Responsible Officer (SRO) for this consultancy expenditure, and the subsequent management of the Savills contract. Day to Day management of the work will be led by the Senior Development Manager.

5.2 The SRO will coordinate, control and regularly monitor Savills' instructions and outputs; ensuring that relevant outputs are reported internally.

Risks and issues

5.3 The following risks are associated with this proposal:

Risk description	Inherent Score	Mitigations	Target Score
Values are too high to justify our participation in the development plan	Likelihood: 3 Impact: 2 Total: 4	These values are dictated by the market and cannot be mitigated	Likelihood: 2 Impact: 2 Total: 4
The BCR is too low to justify funding	Likelihood: 2 Impact: 5 Total: 10	Compare findings with other parties and develop new strategies to increase the ratio accordingly and unlock the funding	Likelihood: 2 Impact: 3 Total: 6
Outputs are poor quality and/or lack relevance	Likelihood: 1 Impact: 4 Total: 6	Mitigated by organised and focussed client-side project/day to day management, regular briefings and clear instructions for each deliverable	Likelihood: 1 Impact: 4 Total: 8

5.4 There are no extant issues that require management or mitigation.

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.[1]

[1] 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.

6.2 This work has no impacts on those with protected characteristics. The outputs from the Savills' consultancy commission, where material to future corporate plans, strategies, policy development, communications, investment/funding requests and delivery plans, will be subject to equalities assessments at the appropriate time.

6.3 Savills have adopted Equal Opportunities Policy for the performance of their work.

Other considerations

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

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.

Financial comments

9.1 Expenditure of up to £25,000 will be funded from the 2020/21 Western Lands budget in the Delivery directorate.

9.2 The call-off contract does not have a financial limit; however, it is time constrained to June 2022. This expenditure will be met from the respective budget for the year to which the expenditure relates.

9.3 Further expenditure and contract variations are subject to the OPDCs decision-making process.

9.4 Any procurement undertaken is in line with the Corporation's Procurement Guidance and the Contracts and Funding Code is adhered to.

Part	Deliverables	Time (from date of instruction)	Fee
1	EUVs for publicly owned sites	2 weeks	£10,000
2	Benefit to Costs Assessment	4 weeks	£10,000
3	Market Demand, Procurement	2 weeks	£5,000
	TOTAL	**4 weeks**	**£25,000**

Legal comments

10.1 The report above indicates that the decision requested of the Chief Executive falls 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 In taking the decisions requested, the director 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 and foster good relations 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 (section 149 of the Equality Act 2010). To this end, the director should have particular regard to section 6 (above) of this report.

10.3 The officers have indicated in section 2 that the services required are within the scope of the existing call-off contract with the service provider (HCA Contract No. DN336104) and will be instructed in accordance with the terms and conditions of that call-off contract.

10.4 Officers must ensure that the appropriate call-off contract mechanism is followed and required documentation is put in place when instructing the services.

Summary timeline

Activity	Date
Service Instruction under the existing HCA Contract No.DN336104	02/03/2021
EUVs for each public sector site	19/03/2021
BCR Economic Analysis	19/03/2021
Market demand and procurement strategy	24/03/2021
Project closure	31/03/2021

Appendices

- None

Other supporting papers

- None

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: Chris Roche 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 Friday 26 February 2021.

Chief Finance Officer

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

Signature: **Date:** 03/03/21

Director of Development

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: 3 March 2021**