

GREATER LONDON AUTHORITY

REQUEST FOR DIRECTOR DECISION – DD1169

Title: Old Oak Common – Development Infrastructure Funding Study

Executive Summary:

As part of the Old Oak Common Opportunity Area Planning Framework (OAPF) and the potential establishment of a Mayoral Development Corporation (MDC), it is proposed to carry out a Development Infrastructure Funding (DIF) study for Old Oak.

The DIF study will identify future infrastructure requirements to support the proposed level of development of 24,000 new homes and 55,000 new jobs. The DIF study will include a set of recommendations for how to fund delivery of this infrastructure.

The GLA will lead on procuring consultants. There is no relevant framework and procurement will be carried out in line with OJEU requirements. The estimated cost of this work is £120,000. This will be fully funded from Development and Projects pre-application planning reserve and the work will start and complete in 2014-15.

Director Decision:

The Executive Director is requested to approve;

- Expenditure of up to £120,000 to fund the preparation of a DIF study for Old Oak Common within 2014/15, funded via a transfer from the Pre-Application Planning Reserve; and
- The GLA's role as the lead client and to procure a private consultant (or consortium of consultants) to prepare this DIF study. There is no available framework and therefore the procurement will be carried out through a competitive tender and compliance with OJEU requirements.

AUTHORISING DIRECTOR

I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.

It has my approval.

Name: Fiona Fletcher-Smith

Signature:



Position: Director Development, Enterprise and Environment

Date:

5.3.2014

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1 Old Oak Common is located in West London and sits in the Park Royal Opportunity Area. Today Old Oak houses a mix of; land for transport functions (rail lines and sidings); two large waste management facilities; a large Car Giant unit; a number of smaller industrial units; and a small number of residential units around the periphery.
- 1.2 The area sits at the boundary of the three London boroughs of Hammersmith and Fulham, Brent and Ealing. The Grand union canal runs east-west through the area. To the north is Willesden Junction station and Harlesden, to the west is St. Mary's Cemetery and Kensal Gasworks, to the south is Wormwood Scrubs and east is North Acton and Park Royal Strategic Industrial Land.
- 1.3 In 2011, the Mayor adopted the Park Royal Opportunity Area Planning Framework (which includes Old Oak Common) and this OAPF was primarily focussed on the retention and protection of Strategic Industrial Land in the area.
- 1.4 Since then, significant new rail infrastructure is planned for Old Oak including; a Crossrail station; an interchange with the Great West Mainline; and a new High Speed 2 interchange. These interventions will make Old Oak one of London's best connected places, with access to central London, Wales and the West Country, Birmingham, the North of England, and Europe.
- 1.5 In recognition of the areas huge potential, in June 2013 the Mayor of London, in collaboration with the London boroughs of Hammersmith and Fulham, Brent and Ealing and TfL, consulted on 'A Vision Plan for the Future of Old Oak'. This plan paves the way for significant transformation and development with potential to deliver 24,000 new homes and 55,000 new jobs. A full OAPF for Old Oak is planned for adoption in late 2014.
- 1.6 Research undertaken as part of this vision planning, indicates that the Gross Value Added of this project could be between £3.5 billion and £6.2 billion for the London economy, with the potential for Old Oak to supply between 1.25% and 2.5% of the Greater London housing requirement and between 9.5% and 13.8% of Greater London's employment need up to 2031.
- 1.7 The importance of driving forward this scale of development is of strategic London importance and to ensure delivery, the benefit of setting up a Mayoral Development Corporation (MDC) in this area is currently being considered with the three boroughs, TfL and other key stakeholders.
- 1.8 In conjunction with the Vision Plan and draft OAPF, TfL is currently preparing an area-wide transport study to test the transport impact of the preferred development scenario and identify a series of transport interventions required to accommodate the proposed level of development.

2 Objectives and expected outcomes

- 2.1 To deliver the scale of regeneration proposed at Old Oak (24,000 homes and 55,000 jobs) and to help realise the areas strategic importance in delivering London's housing and employment targets, a significant package of physical works will be required, including;
 - public transport (rail-lines, stations, relocation of infrastructure and bus networks);
 - new and improved highways and bridges;
 - public realm, pedestrian and cycle measures;
 - upgrading and providing new services (sewers, electrical, energy, emergency); and
 - provision of space for employment and training, culture, open space, play, arts and community.

- 2.2 The purpose of a DIF study is to identify and cost all this necessary infrastructure and to propose mechanisms to fund these works. The DIF study will provide the evidence base and detailed justification for setting tariffs in a Community Infrastructure Levy. It can also be used to inform any potential future borrowing and setting of business rates.
- 2.3 The DIF study brief is attached to this paper.
- 2.4 There is no relevant framework to use to appoint a consultant team. The GLA will follow the standard OJEU procurement route for a project of this value and will seek tender responses with costs from eight consultants.
- 2.5 The benefits to the GLA of this approach is that it will allow the GLA to have full oversight on the progress of the study, control of the brief, manage project partners and consultants, and able to make and lead on key decisions throughout the process. It also allows the tender to be extended to the firms who can provide the expertise best suited for this study, ensuring that the study delivers value for money.
- 2.6 Approval is being sought to use up to £120,000 of revenue from funding generated from the pre-application charging through Development and Projects in the Department of Development, Enterprise and Environment. The cost is based on comparable DIF studies already completed at White City and Vauxhall Nine Elms Opportunity Areas.

3 Other considerations

Links to strategies

- 3.1 The Opportunity Area Planning Framework (OAPF) for Old Oak is supplementary to the London Plan and brings together the Mayoral strategies on housing, economic development, transport and the environment. OAPFs bring together strategic and local stakeholders to deliver an area-wide spatial planning framework in accordance with central government policy as set out in PPS12.
- 3.2 This study will provide important evidence and justification for a planning obligations strategy for private development in this Opportunity Area. This information will in turn allow the Councils or a future Mayoral Development Corporation for this area to implement a viable and robust Community Infrastructure Levy to secure the appropriate contributions from development to support delivery of key transport, community and social infrastructure, as well as affordable housing. All of these will help contribute to the delivery of many GLA strategies including the Economic Development Strategy, Housing Strategy, Health Inequalities Strategy, Children and Young People's Strategy, Culture Strategy and Older People's Strategy.

Impact assessments and consultation

- 3.3 In June 2013, the Mayor of London consulted the three local authorities of Hammersmith and Fulham, Brent and Ealing, TfL, Crossrail, High Speed 2, Network Rail, the main landowners and the surrounding local community on 'A Vision Plan for the Future of Old Oak'. The responses of this consultation are currently being incorporated in the Old Oak Opportunity Area Planning Framework. An Integrated Impact Assessment will be completed as part of finalising the OAPF.
- 3.4 The three local authorities of Hammersmith and Fulham, Brent and Ealing, TfL and the major landowners have all been consulted regarding the brief for this study, and will be part of the steering group that guides the study.
- 3.5 The outcomes of the DIF study will be subject to further consultation as part of the next round of public consultation for the OAPF, which is scheduled for late 2014.

Risks

- 3.6 The contract will be managed in line with standard GLA risk management procedures.
- 3.7 If the Development Infrastructure Funding Study is not carried out, it would;
- undermine the ability to secure the planned transport and rail improvements;
 - impact on the ability to deliver the infrastructure required to support the delivery of 24,000 homes and 55,000 jobs and deliver the transformational change earmarked for Old Oak;
 - undermine negotiations on planning applications.

4 Financial comments

- 4.1 Approval is being sought to commission a Development Infrastructure Funding study to as part of the OAPF for Old Oak common.
- 4.2 The estimated cost of this work is £120,000. This will be fully funded from the pre-application planning reserve and the work will start and complete in 2014-15.
- 4.3 All appropriate budget adjustments will be made.
- 4.4 Any changes to this proposal, including budgetary implications, will be subject to further approval via the Authority's decision-making process
- 4.5 The Planning Unit within the Development, Enterprise & Environment Directorate will be responsible for managing the contract, ensuring compliance with the Authority's Financial Regulations and Contracts and Funding Code.

5 Legal comments

Power to Undertake the Requested Decision

- 5.1 Under section 30 of the Greater London Authority Act 1999 (the 'Act') the GLA, after appropriate consultation, is entitled to do anything that will further the promotion, within Greater London, of economic development and wealth creation, social development and the improvement of the environment.
- 5.2 Furthermore, section 34 of the Act allows the GLA, to do anything which is calculated to facilitate, or is conducive or incidental to, the exercise of any functions of the GLA. As set out in paragraph 1 above, the development of Old Oak Common is predicted to create 24,000 homes and 55,000 jobs. To this end, the use of £120,000 from the pre-application planning reserve to fund the procurement of consultants to undertake a development infrastructure funding ("DIF") study for the Old Oak Common may be viewed as being calculated to facilitate and conducive and incidental to economic development and social development in Greater London.
- 5.3 As regards the procurement of a consultant to undertake the DIF study, the officers are reminded of the requirements of the Contracts and Funding Code and should liaise with Transport for London's procurement department, whose officers can assist with the competitive procurement.

6 Planned delivery approach and next steps

	Task	Timescale
1	Issue tender	3 March 2014
2	Clarification questions to the GLA lead	12 March 2014
3	GLA to respond to clarifications	17 March 2014
4	Final tender submissions	24 March 2014
5	Tender review	4 April 2014
6	Interviews (if required)	w/c 7 April 2014
7	Selection of successful consultant team	16 April 2014
8	Contracts	w/c 27 April 14
9	Inception meeting	25 April 2014
10	Commence project	28 April 2014
11	Submission of inception report (2 weeks)	12 May 2014
12	Submission of interim report (8 weeks)	30 June 2014
13	Review of interim report and comments (2 weeks)	14 July 2014
14	Submission of draft report (8 weeks)	8 Sept 2014
15	Presentation of draft report for comment (2 wks)	22 Sept 2014
16	Submit final report for final check (3 weeks)	13 Oct 2014
17	Final report with evidence submitted	20 Oct 2014

Appendices and supporting papers:

- Old Oak Common Development Infrastructure Funding brief, February 2014.

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 GLA 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:

This Director Decision includes the overall project budget for appointing consultants to prepare the Development Infrastructure Funding study. It is important that this information is not made public until after the consultants are appointed and a price and scope for works have been agreed and contracts exchanged. If the total project budget is made public in advance of this 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 May 2014

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:

Michael Mulhern has drafted this report in accordance with GLA procedures and confirms that:

✓

Assistant Director/Head of Service:

Stewart Murray has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

Financial and Legal advice:

The Finance and Legal teams have commented on this proposal, and this decision reflects their comments.

✓

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

M. J. Allen

Date

5.3.14