

**REQUEST FOR MAYORAL DECISION – MD1377**

**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 was proposed to carry out a Development Infrastructure Funding (DIF) study for Old Oak.

The DIF study, once complete, 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 also include a set of recommendations for how to fund delivery of this infrastructure.

On 5 March 2014, DD1169 'Old Oak Common – Development Infrastructure Funding Study' was signed off approving a spend up to £120,000 on this project. However, the final cost for the study has now been identified of up to £200,000. This increased cost is considered necessary as a result of a detailed procurement exercise and also as a result of additional tasks added to the project brief during the inception meeting with the consultant team.

Approval is sought for additional expenditure of up to £80,000 taking the total expenditure to £200,000 in order to complete the study funded from the Pre-Application Planning Reserve.

**Decision:**

That the Mayor approves additional expenditure of up to £80,000 in order to fund the preparation and completion of a Development Infrastructure Funding (DIF) study for Old Oak Common, funded via a transfer from the Pre-Application Planning Reserve.

**Mayor of London**

I confirm that I do not have any disclosable pecuniary interests in the proposed decision, and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

**Signature:**

**Date: 8 August 2014**

## **PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR**

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1 On 5 March 2014, DD1169 'Old Oak Common – Development Infrastructure Funding Study' (DIF) was signed off approving a spend up to £120,000 on this project. However, the final cost for the study has now been identified at up to £200,000. This increased cost is considered necessary as a result of a detailed procurement exercise and also as a result of additional tasks added to the project brief during the inception meeting with the consultant team.
- Four detailed tenders were received ranging in price from £87,000 to £195,000. The tender review panel (comprised of the GLA, TfL and LBHF) selected two consultant teams for interview. Following the interview the panel selected the consultant team of Peter Brett Associates and Jones Lang LaSalle a bid of £160,000 to deliver the requirements of the project brief.
  - At the inception meeting a series of additional tasks including additional meetings, site specific analysis and employment research were identified at a cost £40,000. Given the complexity of the project these additional tasks are considered necessary and were outside the original scope of the project brief.
- 1.2 A Mayoral Decision is now required to approve additional project cost of up to £80,000.

#### **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 The GLA undertaken a procurement exercise in line with OJEU procurement regulations and has identified a consultant team of Peter Brett Associates and Jones Lang LaSalle to prepare this work. A detailed scope of works has been agreed and the cost of this work has been proposed at £200,000.
- 2.5 Approval is being sought to use up to £80,000 of further revenue from funding generated from the pre-application charging through Development and Projects in the Department of Development, Enterprise and Environment.

#### **3. Equality comments**

- 3.1 The Development Funding Infrastructure Study would contribute to the creation of a simplified and streamlined planning and regeneration framework for the Old Oak and Park Royal areas. The Corporation would pursue development and economic growth within a 'localised' framework, and as such the

Corporation should be able to conduct its business in a way that is more directly responsive to local communities than is currently possible in an area split across three local authorities.

3.2 This study will be used to help inform future decisions around affordable housing and tenure mix and the provision of different types of physical and social infrastructure requirements for the area. Local landowners will be involved in the preparation of this study and so will be directly contributing to the preparation of local planning policy that will affect their area. These landowners will have direct involvement in the preparation of plans for their area.

3.3 Local involvement gives greater weight to the Mayor's commitment to the regeneration and planning for this area and would enable the Mayor to better embed his equality and inclusion policies to promote an accessible and inclusive environment.

3.4 The new general duty to promote equality arising from the Equality Act 2010, which came into force in April 2011 requires the Mayor to have due regard to the need to "encourage people who share a protected characteristic to participate in public life or in other activity in which their participation is disproportionately low". This sits alongside the Mayor's duty, set out in the Greater London Authority Act 1999, to have regard to the need to promote equality of opportunity, eliminate unlawful discrimination and promote good relations between different minority groups. This Development Infrastructure Funding study will examine the future needs of the people that are living, and will live, in the Old Oak regeneration area. It will identify their likely future requirements and ensure they are planned and delivered. In this way the various needs of all Londoners will be taken into account.

3.5 Additionally, the Mayor, through the Corporation and the process of building improved relationships within the local area, would be able to influence the policies and practices of investors, developers, operators and employers in the Old Oak and Park Royal Development Corporation, to support those who are disproportionately affected by worklessness, and who face multiple barriers to work, and social inclusion, through for example:

- Setting targets for developing a more diverse supplier base, which would address the limited opportunities experienced by SMEs, social enterprises, and minority-owned businesses in the area;
- Exploiting the opportunities that will come forward through the regeneration and development of the Corporation area, and initiatives in the wider area to develop targeted and tailored local employment programmes, and progression routes to help bring excluded groups closer to the labour market, and improve employment rates.

## **4. Other considerations**

### Impact assessments and consultation

4.1 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.

4.2 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 early 2015.

### Risks

4.3 The contract will be managed in line with standard GLA risk management procedures.

4.4 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.

## **5. Financial comments**

- 5.1 Approval is being sought to commission a DIF study as part of the OAPF for Old Oak in 2014/15.
- 5.2 The cost of work is up to £200,000 (£80,000 and £120,000 approved under DD1169) and this will be fully funded from the pre-application planning reserve. The work will start and complete in 2014-15.
- 5.3 As this work is consultancy based, officers have to ensure that the requirements relating to consultancy services within the Authority's Financial Regulations and Expenses & Benefits Framework are adhered to.
- 5.4 Any changes to this proposal, including budgetary implications, will be subject to further approval via the Authority's decision-making process and all appropriate budget adjustments will be made.
- 5.5 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.

## **6. Legal comments**

- 6.1 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.
- 6.2 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 up to £200,000 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.
- 6.3 In formulating the proposals in respect of which a decision is sought officers have complied with the GLA's related statutory duties to:
  - (a) Pay due regard to the principle that there should be equality of opportunity for all people;
  - (b) Consider how the proposals will promote the health of persons, health inequalities between persons and to contribute towards achievement of sustainable development in the United Kingdom; and
  - (c) Consult with the appropriate bodies.

## 7. Investment & Performance Board

- 7.1 This proposal was not presented to the GLA's Investment and Performance Board as this is a study and does not fall within the Terms for Reference for the Investment and Performance Board.

## 8. Planned delivery approach and next steps

|           | <b>Task</b>                                     | <b>Revised timescale</b> |
|-----------|---|--------------------------|
| 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                                      | 28 April 2014            |
| 7         | Selection of successful consultant team         | w/c 5 May 2014           |
| 8         | Inception meeting                               | 30 May 2014              |
| 9         | Contracts                                       | August 14                |
| <b>10</b> | <b>Commence project</b>                         | <b>July / August 14</b>  |
| 11        | Mid way report                                  | 1 Sept 14                |
| 12        | Final draft report                              | 30 Nov 14                |
| <b>13</b> | <b>Final report submitted and project close</b> | <b>12 Dec 14</b>         |

## 9. 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? 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:**

Michael Mulhern has drafted this report in accordance with GLA procedures and confirms the following have been consulted on the final decision.

✓

**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.

✓

**Sponsoring Director:**

Fiona Fletcher Smith has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

**Mayoral Adviser:**

Sir Edward Lister has been consulted about the proposal and agrees the recommendations.

✓

**Advice:**

The Finance and Legal teams have commented on this proposal.

✓

**EXECUTIVE DIRECTOR, RESOURCES:**

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

**Signature**

**Date**

**CHIEF OF STAFF:**

I am satisfied that this is an appropriate request to be submitted to the Mayor

**Signature**

**Date**