

CEO DECISION – CD 165

Title: Savills Western Lands additional input to SOC

This decision seeks approval for the expenditure for technical consultancy input from Savills into OPDC's Western Lands Strategic Outline Case (SOC). Savills will also provide advice on the procurement strategy for Western Lands.

The consultancy commission will build on Savills' existing input in developing the SOC (authorised by CD161), the viability and cashflow modelling work (authorised by CD148), as well as the valuation, economic analysis and market research (authorised by CD154).

The work will be instructed through the existing real estate advisory call-off contract that OPDC holds with Savills that was awarded in 2019 following a competitive tender.

The requested spend of £65,000 is in addition to £60,000 of expenditure in 2021/22, bringing total approved expenditure on the commission with Savills to £125,000.

This approval is being made under a delegation to officers granted by OPDC's Board at its March 2021 meeting.

Decision

That the Chief Executive Officer approves:

- i. expenditure of £65,000 to fund the continuation of the existing contract commission with Savills, who will provide continued support in the development of OPDC's SOC and advice on the Western Lands procurement strategy.

This will bring the cumulative approved expenditure to date on the SOC under the March 2021 Board Delegation to £183,500, leaving a balance of £66,500 remaining, as detailed in the table in section 1.10 below.

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: 06 August 2021

PART 1: NON-CONFIDENTIAL FACTS AND ADVICE

1 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 2021, OPDC officers have worked directly with Homes England (HE) and engaged with other public sector stakeholders, including Network Rail, High Speed 2 (HS2) and the Boroughs, to begin the process of securing the support of the major partners to the development of the strategy for Western Lands. OPDC has also engaged with central government – via the Ministry for Homes, Communities and Local Government (MHCLG), DfT and the Infrastructure and Projects Authority – to discuss potential funding opportunities.
- 1.3 This engagement with government colleagues has led to a direction to produce, and jointly agree, a Strategic Outline Case (SOC). The SOC will be developed by OPDC and HE in line with the Treasury's guidance for developing project business cases and will follow the "five case" model: Strategic, Economic, Commercial, Financial, Management.
- 1.4 Parts of the SOC is being developed by both OPDC and HE officers drawing on in-house expertise, including input from the GLA Housing & Land Directorate and Transport for London (TfL) Operational Property. However, specialist consultancy input is required to support the drafting and compilation of the business case and, in particular, to provide technical expertise for the economic and financial cases.
- 1.5 Savills were appointed to provide technical input on the development of the SOC for OPDC's Western Lands strategy (CD161) in line with the technical services procured under the existing call-off contract.
- 1.6 This decision seeks approval for further expenditure of £65,000 from OPDC's Western Lands 2021/22 budget to extend their appointment, under the existing call-off contract, to provide development, viability, and funding advice, as well as procurement and delivery advice pursuant to the scope of the call-off contract, in order to input into the SOC. This is in addition to the £60,000 already approved on Western Lands and SOC, bringing total approved expenditure for Savills

to £125,000 for FY21/22. Savills appointments approved for this commission are detailed in the following table:

Savills workstreams / appointments in 2020/21 and 2021/2022	Total Approval	Decision
Savills – SOC support	£60,000	CD161
Savills – additional support	£65,000	This Decision
Total	£125,000	

- 1.7 Savills was appointed in January 2019 under a Homes and Communities (HCA) framework contract (Reference DN335104) which expires in June 2022. That framework contract had been tendered via an OJEU-advertised procurement. The call-off contract is time limited and does not include a financial limit. OPDC ran this competitive tender within the procurement process set out for the HCA Property Panel. Following this process, Savills was selected as the preferred bidder based on quality and price.
- 1.8 The call-off contract provides for services to be instructed in response to OPDC need, throughout the contract period, at pre-agreed rates. The scope of this appointment and contract specifically includes the following items within the call-off contract (pages 3-4) which are directly relevant to the SOC work required as part of this decision:
- “Development consultancy, viability and delivery strategy advice
 - Strategic real estate advice to optimise returns across sites;
 - Undertake development appraisals on key sites and across the masterplan area to test and refine financial viability;
 - Advise on the role, capabilities and interface of a Development Partner(s) as part of the delivery strategy;”
 - “Development transactions and partner procurement
 - Advise on transaction structure options to ensure that the timing and quantum of both capital and revenue receipts are optimised in the context of delivery of a high quality and sustainable development;
 - Undertake assessments of land receipts to ensure that OPDC secures value for money;”
 - “To undertake finance and funding strategy and financial modelling
 - Review and advise on funding and investment opportunities for the scheme, or parts within it including property and infrastructure opportunities;
 - Provide key inputs to the financial model from the real estate market to calculate land returns;
 - Undertake regular updates to the financial model and key inputs to reflect scheme changes, market movements and delivery mechanisms, based on market insight and research;
 - Supporting business cases to secure public-sector funding from GLA, Treasury or other sources;”
 - “Project management

- Preparing for, organising and attending meetings, workshops and presentations;
- Work alongside OPDC's wider in-house teams and consultants."

1.9 At its March 2021 meeting, the Board approved a delegation to the Chief Executive Officer and the Development Director to authorise expenditure in 2021/22 of up to £250,000 to support the ongoing development of a business case as the basis of a future bid for Government funding. This approval is being sought within that delegation. A summary of approvals under the delegation is below.

1.10 Expenditure authorisation against March 2021 Board Delegation:

Western Lands workstream / appointment	Total Approval	Decision
Gort Scott architectural support to SOC	£90,000	CD162
of which revised forecast expenditure	£58,500	
Savills - SOC	£60,000	CD161
Savills – additional support	£65,000	This Decision (CD165)
Total forecast expenditure under Board Delegation (including this decision)	£183,500	
Total Board delegation (March 2021)	£250,000	
Delegated expenditure approval remaining	£66,500	

2 The proposal and how it will be delivered

2.1 The commission will cover the following workstreams:

Scope area	Total Approval	Timescale
1. Financial modelling, viability work, and development advice on scheme and funding options in support of the OPDC SOC	£35,000	August to December 2021
2. Initial delivery strategy and partner procurement advice	£15,500	August to October 2021
3. Amendments to the intervention case financial modelling to reflect scheme changes	£14,500	August to December 2021
4. Total	£65,000	

- 2.2 As detailed in section 1.6, OPDC intends to instruct Savills to provide the above services through their existing call-off contract with OPDC (HCA Contract No.DN336104).

3 Objectives and expected outcomes

3.1 The objectives of the proposal are:

- Provide technical expertise and support to the team preparing the SOC for OPDC's Western Lands regeneration proposals. The business case will be developed by OPDC and HE and will include significant input from both local and central government stakeholders in order to clearly articulate the resource requirements and benefit of delivering regeneration at Old Oak.
- Provide advice on a delivery and partner procurement strategy, both in support of SOC development and to generally, progress a delivery strategy to be agreed with major stakeholders.

3.2 The outcomes of the proposal are:

- Endorsement of the SOC from key Government departments (DfT, MHCLG and Treasury) to provide "gateway approval" and allow OPDC to progress funding, land, delivery and procurement plans.

4 Strategic fit

4.1 This proposal supports OPDC's Western Lands strategy; the revised delivery approach which was approved by the Board in January 2020. The work will provide technical and management related expertise necessary to prepare a SOC for submission to central Government.

5 Project governance and assurance

5.1 The Development Director will act as Senior Responsible Officer (SRO) for this commission, managing the contract with Savills. 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
The project's objectives and other major inputs and assumptions required for the business case are not agreed by	Likelihood: 3 Impact: 5 Total: 8	Co-develop the Business Case with Homes England. Involve major stakeholders including Boroughs,	Likelihood: 1 Impact: 3 Total: 4

major stakeholders, removing any consensus on conclusions made in the business case		Government Departments, the GLA and agencies at each stage	
The SOC does not gain clear approval and decisions required from Central Government are either not supportive or not timely	Likelihood: 3 Impact: 3 Total: 6	OPDC has been guided by government to develop a jointly agreed business case in time for the spending review process. OPDC will also feed into the Mayor's Spending Review submission. Development of the case is being managed in close coordination with government	Likelihood: 2 Impact: 3 Total: 5

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

6 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

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

6.3 Savills has adopted an Equal Opportunities Policy.

7 Other considerations

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

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.

8 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.

9 Financial comments

- 9.1 The expenditure of £65,000 approved via this decision will be funded from the 2021/22 Western Lands budget..
- 9.2 Any further expenditure is subject to the Corporation's decision-making processes.

10 Legal comments

- 10.1 The report above indicates that the decisions requested of the CEO 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 The procurement of the additional consultancy services from Savills is valued at £65,000. As the officers have set out at paragraph 17 above , Savills was appointed following a mini-competition under an OJEU-advertised framework agreement. Furthermore, as set out at paragraph 1.8 above, the services the subject of this phase of the project fall within the scope of the original contract. Moreover, the contract included a mechanism, which allowed the OPDC to request those services on pre-agreed rates.

11 Summary timeline

Activity	Date
Delivery start date	August 2021
Drafting of SOC	August-September 2021
Engagement with government stakeholders	August-September 2021
Publication of SOC	Anticipated October 2021
Delivery end date	December 2021

Other supporting papers

- [Chief Executive Report to the OPDC Board, March 2021](#) (including approval of a delegation for the development of a SOC for Western Lands).
- [CD161](#)- Savills for Western Lands Strategic Outline Case
- [CD154](#)- Procurement of Savills for Western Lands Valuation Support
- [CD148](#)- Procurement of Savills for Western Lands Valuation Support

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: [Rickie Jungman](#) 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 6th August 2021](#).

Chief Finance Officer

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

Signature: 

Date:
06.08.2021

Director [Ben O'Neil, Delivery Director](#)

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:
06.08.21