OPDC
OLD OAK AND PARK ROYAL DEVELOPMENT CORPORATION

CEO DECISION – CD 133

Title: Western Land, Old Oak & Park Royal – Appointment of Savills

Executive Summary:

The Corporation is now focusing on a new approach to the regeneration of land along Old Oak Common Lane, Old Oak Lane and Victoria Road, much of which is owned by public sector partners, Department for Transport (DfT), HS2 (acting as DfT's agent) and Network Rail to deliver a significant number of jobs and homes.

This paper seeks approval for consultancy support from Savills to assist OPDC in evidencing this ambition by undertaking a review of development capacity for two regeneration scenarios for the area:

This decision should be read in conjunction with CD130, which approved expenditure of £100,000 for Prior + Partners to develop a strategy and approach to the major public sector land holdings on Victoria Road, Old Oak Lane and Old Oak Common Lane referred to as "Western Lands". The work approved in this decision will provide the initial commercial testing of the strategy Prior + Partners are developing. Cumulatively, CD130 and this CD133 request approval for £140,000 of expenditure.

Decision:

That the Chief Executive Officer approves:

- Expenditure of £40,000 to commission Savills via an existing call off contract to support a high-level capacity assessment for the comprehensive regeneration of the "Western Lands" which includes property valuation and infrastructure cost advice.

CEO AUTHORISATION

I have reviewed the request and am satisfied it is correct and consistent with the OPDC business plan and priorities. It has my approval.

Name: David Lunts

Position: Chief Executive Officer

Date: 24.02.2020

Signature:

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1 Introduction and background

1.1 Since June 2016, OPDC has been focused on the regeneration of Old Oak North, an area to the North of the planned Old Oak Common Station, primarily owned by Cargiant and Network Rail. In response to changing market conditions, namely rising industrial land values and tapering residential values, OPDC has determined that its resources are better utilised refocusing regeneration efforts elsewhere.

1.2 OPDC's focus is now on an area to the West of the previous study area, along Old Oak Lane, Old Oak Common Lane and Victoria Road, referred to as "Western Lands". This area presents a series of opportunities and advantages over the previous strategy, which are:

a. A significant portion of this land is held in public ownership by either Network Rail or Department for Transport (with HS2 acting as its 'agent');
b. These sites have already been cleared in order to serve as HS2 worksites;
c. The area is accessible by road to existing communities to the North and South, as it is located along Old Oak Lane, which splits into Victoria Road and Old Oak Common Lane as it moves South;
d. Access to 3 major public transport connections: Willesden Junction, North Acton, and the planned Old Oak Common Station; and
e. Access to important local assets, such as Wormwood Scrubs and the Grand Union Canal.

1.3 This decision is linked to CD130 for the appointment of Prior + Partners which approved expenditure of £100k for consultancy services to develop a strategy for a new approach to regeneration focused on the Western Lands. The two instructions form the preliminary work required to launch the new workstream of the 'Western Lands' which expenditure amounting to £140k. Further to the development of a high-level spatial strategy by Prior + Partners, the Savills work will provide commercial analysis and evidence to support the new approach.

1.4 OPDC has procured Savills as its strategic property advisor on a call-off contract from January 2019 to June 2020 through a competitive tender from the HCA Technical Advisory framework. Current spend on this contract totals to £205,371, and brings cumulative spend including this decision to £245,371.

1.5 This study will generate quantitative outputs to support and build an evidence base for the case for comprehensive development, alongside the qualitative and strategic outputs of the Prior + Partners work. It will provide the first high level estimate of the value that can be created as well as the costs associated with delivering on that approach. It will inform negotiation with potential partners and funders and support the development of a phasing strategy.

1.6 The audience for this work includes key OPDC stakeholders such as:

a. The key public sector landowners: HS2 and Network Rail;
b. The Mayor of London and the Greater London Authority (GLA);
c. The London Boroughs of Hammersmith & Fulham, Ealing, and Brent;
d. Central government, particularly potential funding partners including Ministry for Homes, Communities and Local Government (MHCLG) and Homes England (HE).

1.7 The scope of this study is for Savills to review and validate an in-house development capacity assessment recently undertaken for the Western Lands, in order to fine-tune it in light of both what is deliverable on a site by site basis, and what the market can be reasonably expected to absorb across the wider area. Based on this capacity estimate, Savills will then undertake a high-level valuation of the overall development opportunity, which will be presented as a preliminary "Gross Development Value" (GDV) for the total quantum of development.

1.8 OPDC's view is that there is a financial and non-financial benefit to taking a comprehensive approach to regeneration rather than ad-hoc development by uncoordinated actors. The Savills study will test and compare these two scenarios, which are defined as follows:

a. A planning-led scenario assumes that OPDC provides a planning framework and influences development through the planning process, however, no investments in strategic infrastructure over and above that already planned by HS2 is made.

b. A scenario whereby development is maximised, and therefore assumes:
   i. Land can be assembled where this can unlock at a development quantum greater than the sum of its parts;
   ii. Invests in site-specific infrastructure in order to unlock sites that might otherwise not come forward due to impediments such as access, issues with levels, etc; and
   iii. Invests in strategic infrastructure and public realm to improve connectivity across the area, in a way that may not otherwise be funded through conventional planning obligations.

1.9 Taking a comprehensive development approach in the area is also associated with greater costs. In order to quantify these, OPDC has developed a list of requirements for infrastructure and public realm improvements needed. Savills will provide a preliminary order-of-cost estimate for each of these infrastructure interventions.

1.10 These outputs will enable OPDC to undertake a preliminary cost-benefit analysis of the full range of interventions identified, and to determine which ones are a priority. These will then be developed in greater detail, providing greater certainty around costs and values.

1.11 Note:

a. The underlying assumption is that development will not ultimately take the exact form of either scenario (1.8), but that these represent the two bookends of a spectrum of development options, and reality will fall somewhere in between, depending on further analysis and due diligence on the feasibility, the cost/benefit of the interventions, the availability land and of funding.

b. For the purposes of establishing two simple comparable outputs, this study assumes basic development uses (residential, office, other non-residential commercial), but this should not preclude the potential for a catalytic major use such as culture, higher education etc. The purpose of this study is not to provide a valuation of the development, but to estimate the scale of opportunity that can be unlocked if OPDC and its partners take an active role and a comprehensive approach.

c. The outputs of this work are preliminary, and based on high-level assumptions, and therefore are not expected to form the basis for delivery. Further masterplanning infrastructure design, and viability work, as well as costing of development, delivery and land assembly will be required in order to develop a business case for sites that are identified as viable schemes.

2 Objectives and expected outcomes

2.1 The primary purpose of this work is to develop a quantitative estimate of the scale of the opportunity in the Western Lands, in order to articulate the value-add that comprehensive regeneration can offer, as well as to begin to develop a funding and delivery strategy.

2.2 The key outputs will be the following:

a. An estimate of the quanta of development floorspace and number of housing units, for the two scenarios outlined in 1.8. above;
b. The estimated value created in each scenario as measured by total GDV, as well as the variance, or potential value-add between the two;
c. A high-level cost for infrastructure needed to unlock Scenario B.

2.3 OPDC intends to use this work to evidence the benefits of comprehensive regeneration with its key stakeholders and potential partners including the GLA, Central Government and its agencies, political leaders and stakeholders.

3 Equality comments

3.1 Under S149 of the Equality Act 2010 (the Equality Act), the OPDC must have due regard to the need to eliminate discrimination, harassment and victimisation, and any conduct that is prohibited by or under the Equality Act; and to advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not.

3.2 OPDC reviewed Savills policies as part of the tender process, and are satisfied that they can meet their equalities obligations.

3.3 This work is a desktop pre-feasibility exercise and as such will make no recommendations that will have any equalities impacts on existing communities. It will not recommend or prescribe specific interventions in land, development or infrastructure. Any further feasibility or development work would require appropriate equalities impact assessment at the appropriate time.

4 Other considerations

4.1 The preliminary outputs of the internal component of this work have developed in close coordination between the Delivery and Planning divisions of OPDC. This study is being undertaken in parallel to the Prior + Partners, with regular check ins to ensure that the two workstreams remain aligned.

4.2 The draft outputs of the study will be shared with the Chief Executive as well as the Directors of both the Planning and Delivery teams. The final outputs will be presented to Board members for consultation and sign off prior to being used for wider stakeholder engagement.

5 Financial comments

5.1 Expenditure of up to £40,000 is being sought to commission Savills to support a high-level capacity assessment for the comprehensive regeneration of the “Western Lands” which includes property valuation and infrastructure cost advice.

5.2 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.

5.3 Further expenditure is subject to the Corporation’s decision-making process.

6 Legal comments

6.1 The report above indicates that the decision requested of the Chief Executive falls within OPDC's objective 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.

6.2 In taking the decisions requested, the CEO 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 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 and foster good relations between persons who share a relevant protected characteristic and persons who do not share it (section 149 of the Equality Act 2010). To this end, the CEO should have particular regard to section 3 (above) of this report.

6.3 Officers have indicated in paragraph 1.4 of this report that the services required have been procured fully in accordance with the requirements of that framework. Officers must ensure appropriate documentation is put in place to cover the services now being requested which are within scope of their original appointment.

7 Planned delivery approach and next steps

7.1 Day to day leadership of the project will sit with the OPDC Development team, led by the Senior Development Manager with oversight from the Development Director and the Chief Executive.

Activity	Timeline
Briefing, finalise scope and appointment	31 Jan 2020
Start of study	24 Feb 2020
Preliminary outputs delivered	2 March 2020
Final outputs delivered	9 March 2020
Support in preparation of board presentation and submission	9-16 March 2020

Appendices and supporting papers:

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 OPDC 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 – YES/NO**

ORIGINATING OFFICER DECLARATION:	Drafting officer to confirm the following (✓)
Drafting officer: Frédérique Jungman has drafted this report in accordance with OPDC procedures and confirms that:	✓
Finance advice: The Finance team have commented on this proposal, and this decision reflects their comments	✓
Legal advice: The Legal team have commented on this proposal, and this decision reflects their comments.	✓

CHIEF FINANCE OFFICER: I confirm that financial and legal implications have been appropriately considered in the preparation of this report. **Signature** **Date 31 March 2020**

DEVELOPMENT DIRECTOR I confirm that I have reviewed this request and can confirm that I am satisfied it is correct and consistent with the OPDC business plan and priorities. It has my clearance and can be referred to the CEO for final approval. **Signature** **Date 24.02.2020**