

[REDACTED]

From: Old Oak and Park Royal Development Corporation
Sent: 13 June 2017 17:08
To: [REDACTED]
Subject: RE: MGLA030217-1542 and MGLA080517-1292
Attachments: Annex 1.docx; 1542 information_redacted 130617.pdf

Dear [REDACTED],

Thank you for your email of the 2nd February 2017 to the Old Oak and Park Royal Development Corporation (OPDC) in which you requested the release of the document "High Speed 2 Growth Strategy: Connected by Ambition - Where London Welcomes HS2. OPDC (April 2015)." I am sorry for the delay in responding to you.

Your request has been considered under the Environmental Information Regulations 2004 (EIR). The EIR provide a similar right of access to information as the Freedom of Information Act, but refer specifically to environmental information. Under the EIR, the term "environmental information" includes information such as policies, plans and proposals that might affect the state of the land, such as planning proposals and developments.

We can today confirm that the OPDC holds the information you have requested and this information is attached alongside this letter. After careful consideration, we have decided that a small amount of information in this document is covered by the exceptions to our duty to disclose information, found under regulation 12(5)(e) of the EIR.

This provision exists to protect the confidentiality of commercial or industrial information where such confidentiality is provided by law to protect a legitimate economic interest, and where disclosure would adversely affect the interests of the supplier of the information.

As you will note, this EIR exception has only be used to withhold a small amount of information contained with this document and we are releasing the majority in full. I have included the rationale behind our decision to withhold the specific information covered by this exception in the annex to this letter. If you have any further questions relating to this matter, please contact me, quoting the reference at the top of this letter.

If you are unhappy with the way the OPDC has handled your request, you may write back to request an internal review conducted by someone who was not involved in the handling of your request. If you are still not satisfied following an internal review you can make a complaint to the Information Commissioner's Office www.ico.gov.uk

Yours sincerely,

[REDACTED]

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ANNEX A – EIR Exception Provisions

EIR exception provisions

EIR 12(5)(e) – A public authority may refuse to disclose information to the extent that its disclosure would adversely affect the confidentiality of commercial or industrial information where such confidentiality is provided by law to protect a legitimate economic interest.

How the exceptions apply to this information

The information relates to the OPDC's commercial interests, insofar as it relates to the detailed analysis of the proposed development, and the disclosure of this information could prejudice those interests.

The OPDC and Greater London Authority (GLA) have used, and will continue using, the figures and information redacted to inform their negotiating position with Central Government on the terms of the potential transfer of land at Old Oak Common and other ways Government may be able to support the regeneration of the area, including funding of infrastructure, affordable housing, and other items to be discussed.

The Mayor's review of OPDC last year recommended that the Mayor and OPDC work to ensure negotiations with Government on those matters result in the best terms for London and Londoners.

We are strongly of the view that disclosure would cause harm to the commercial interests of the OPDC and the GLA, but also potential future development partners. In relation to the legitimate economic interests, we would make reference to the Information Commissioner's guidance, which states:

'Legitimate economic interests could relate to retaining or improving market position, ensuring that competitors do not gain access to commercially valuable information, protecting a commercial bargaining position in the context of existing or future negotiations, avoiding commercially significant reputational damage, or avoiding disclosures which would otherwise result in a loss of revenue or income'.¹

The information covered by this exception provision falls within the following categories:

- estimates of when certain pieces of land may be developed
- estimates of the potential value of development of certain parts of the area
- estimates of potential revenue, business rates receipts, or profits from potential future development and/or disposal of land
- estimates of the amount and form of government financial support in advance of any public budget setting process
- estimates of costs of infrastructure and finance
- proposals for new legislation and policy tools that could impact land values.

The release of information falling within these categories could

- jeopardise and prejudice OPDC and Mayor's negotiations with Government relating to the transfer of land and support for the regeneration of the area, including funding of infrastructure, affordable housing; and severely compromise the

¹ https://ico.org.uk/media/for-organisations/documents/1624/eir_confidentiality_of_commercial_or_industrial_information.pdf

commercial bargaining position of the OPDC in these negotiations

- Any disadvantage to OPDC which results in a less economically advantageous deal – e.g. less grant, or more expensive land – would reduce the amount of money available to deliver affordable homes, infrastructure, or space for jobs. This would be prejudicial to the commercial interests of the OPDC and GLA, as it would prevent the OPDC or GLA from achieving best value for London in any potential future exchange of land or property and would harm the OPDC’s legitimate economic interest in future development.
- In its establishment, OPDC has also been granted compulsory purchase powers which give it the power to compulsorily purchase land in the public interest – the information that has been redacted could be used by OPDC to inform their long-term strategy on acquiring interests in land or development using those powers. That information is therefore commercially confidential as sharing it could compromise the ability of the OPDC to get best value in any land purchase agreement. Any disadvantageous position for the OPDC could result in higher development costs and therefore a lower ability to fund essential infrastructure or affordable housing.

We therefore consider that the legitimate economic interests of the OPDC mirror the description provided in the Commissioner’s guidance and that those could be harmed or prejudiced by the release of specific pieces of information covered by this request.

The Public Interest Test

Considerations favouring disclosure:

We acknowledge that there is a general public interest in transparency in relation to planning and development matters, particularly in the decision making behind, and progress of, developments of this size and impact. Disclosure of this information would enable the community affected by the development to understand more fully the decision making process.

We also consider that disclosure of information that would engage and improve public participation in, and understanding of, the decision making processes involved, carries particular weight.

Furthermore, the public interest is served by the OPDC being transparent and open to scrutiny to increase diligence and working to protect the public purse.

Considerations favouring non-disclosure:

There is an inbuilt public interest in maintaining commercial confidences. As discussed in the aforementioned Information Tribunal decision (EA/2013/0162), the courts have recognised the enduring strength of the public interest in maintain the confidentiality of negotiations and bidding that take place in relation to public/private sector partnerships.

It is not in the public interest to cause economic harm to organisations operating in a competitive environment.

The best interests of the public are met by the OPDC being able to foster relationships of trust with its future partners, through which the sharing of confidential, sensitive financial information can be shared to support the development of Old Oak and Park Royal.

There is a strong public interest in protecting commercially sensitive decisions about price.

Disclosure of some of the information covered by these provisions would serve to prejudice relations between the OPDC and Government in a situation where that relationship exists to serve the best interest of the public.

NOT FOR PUBLICATION

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

OLD OAK AND PARK ROYAL

HIGH SPEED 2
GROWTH STRATEGY:
CONNECTED BY AMBITION
WHERE LONDON WELCOMES HS2

APRIL 2015

OPDC
OLD OAK AND
PARK ROYAL
DEVELOPMENT
CORPORATION

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EXECUTIVE SUMMARY

Old Oak is the only place where High Speed 2 meets Crossrail. The connectivity these two mega transport projects provide represents an exceptional opportunity to deliver the largest regeneration project the UK has seen since the 2012 Games. There is a real opportunity here to provide an exemplar place for a new community that could redefine the standards of place-making.

The Old Oak and Park Royal High Speed 2 Growth Strategy sets out the scale of opportunity that could be realised as a direct result of this colossal scale of transport. These measures will include a new High Speed 2, Crossrail and Great West Main Line interchange, coupled with two new London Overground stations, improvements to existing stations and other public transport measures.

Old Oak and Park Royal is located on a brownfield site in zone 2/3 west London and is only three miles from Oxford Street. The Mayor of London is actively promoting the comprehensive redevelopment of Old Oak to provide 24,000 homes and 55,000 jobs over the next 30 years.

This strategy identifies the role the public sector can play in delivering this significant regeneration programme. The strategy broadly identifies the 'size of the prize' that could be unlocked through focussed public sector investment. Old Oak could become major contributor in strengthening London's role as a global city and to the UK's economy as a whole. Comprehensive regeneration could generate an estimated GVA of £7.1 billion¹ annually to the UK economy.

The challenges associated with delivering this scale of regeneration cannot be underestimated. In 2014 the HS2 Growth Task Force noted that 'we cannot expect to get the most out of HS2 simply by following a business as usual model'. The Task Force report identified four areas of focus to ensure we can maximise the benefits from this new infrastructure:

- Get our cities ready: On 1 April 2015 Old Oak and Park Royal Development Corporation was established as a local delivery body to govern and drive regeneration.
- Get our transport networks ready: OPDC is the local planning authority for Old Oak and Park Royal and is coordinating transport delivery in the area.
- Get our people ready: OPDC fully supports education and skills training in the UK labour market to ensure we are ready to deliver new HS2 infrastructure. OPDC is keen for a 'spoke' of the HS2 'hub and spoke' training and skills model to be located at Old Oak and discussions are already underway with HS2 on how best to achieve this.
- Get our businesses ready: The Old Oak interchange station sits adjacent the UK's largest industrial estate, which accommodates over 2,000 industrial businesses and 44,000 employees. There is a fantastic opportunity for existing local businesses to benefit from and play an important role in helping to build this new infrastructure.

This Growth Strategy identifies those measures required to achieve comprehensive regeneration and provides information on the local context, the development programme and sets the scene for future Government investment and support.

¹ GVA numbers are quoted at three Borough level. Including displacement the overall benefit to London is still [REDACTED]

CONTEXT

- London must provide 49,000 new homes and 34,000 new jobs a year for the next 20 years and must accommodate 1.5m new people during this time.
- Old Oak has the capacity to accommodate 24,000 homes and 55,000 jobs, it is one of the UKs largest regeneration programmes and is located on a large brownfield site in zone 2/3 west London.
- Old Oak will become one of the UKs most accessible locations with a new High Speed 2, Crossrail and Great West Mainline interchange due to open in 2026, along with two new London Overground stations and improvements to two existing stations.
- Old Oak and Park Royal Development Corporation (OPDC) was established on 1 April 2015 to govern delivery of this significant regeneration programme. OPDC is governed by a board chaired by the Mayor of London.
- OPDC is the planning authority for Old Oak and Park Royal. It will determine planning applications, prepare and adopt a Local Plan in 2016 and will be the CIL charging and collecting authority. OPDC is also in the process of preparing a planning framework for the area, which should be adopted in 2015. OPDC has CPO powers, which it can use to support the regeneration of the area.
- The Old Oak and Park Royal Mayoral Development Area is 650ha in size.
- The core development area of Old Oak is 134ha in size. The public sector owns, or has an interest, in 97ha of this land. 17ha of land is owned by a single private landowner 'Car Giant', with the remainder of land in mixed ownership arrangements.

DEVELOPMENT PROGRAMME

- The core development area of Old Oak is made up of four development zones each with its own homes and jobs development capacity and associated infrastructure requirements
- Pre-2026 will see residential led development focused north of the Grand Union Canal, along Scrubs Lane, around North Acton and on the Genesis site and this is primarily private sector land
- Post-2026 development will be commercially led and focused on public sector land around the newly opened HS2, Crossrail, GWML station to the south the of the canal
- Current projections show the potential to deliver 9,000 homes and 9,000 jobs pre-2026 with 15,000 homes and 46,000 jobs post-2026
- There are significant levels of new infrastructure required to unlock this scale of development with early projections identify a total public sector infrastructure bill of £2.2 billion real, excluding optimism bias (£3.3bn real, including optimism bias)

INVESTMENT AND SUPPORT

- The comprehensive regeneration of Old Oak would generate £7.1bn GVA for the economy. This is £5.3bn greater than the level of GVA projected through the HS2 reference case
- £2.4bn would be generated through housing consumption (in addition to GVA)
- There is a public sector infrastructure bill of £2.2 billion real, excluding optimism bias (£3.3bn real, including optimism bias) necessary to unlock the proposed scale of development at Old Oak, which cannot be met solely through private sector delivery and/or contributions
- A material amount of infrastructure will be delivered directly by developers. [REDACTED]
[REDACTED]
- [REDACTED]
[REDACTED]
- New Homes Bonus could generate approximately £259m to £262m real of grant funding from central Government depending on the level of affordable housing
- [REDACTED] depending on the level of affordable housing
- [REDACTED]
[REDACTED]
- However, the public sector could take a different development approach at Old Oak and could choose to 'stay-in' during the development process and whilst this may create a higher risk it could allow the public sector to generate more value and deliver things the private sector market may not be willing to
- There are also other funding opportunities that are still being explored in detail including through TfL business plan and opportunities for Affordable Housing grant.

OPDC'S TEN ASKS

- **RECOMMENDATION:** Central Government to continue to work positively and support OPDC, GLA and TfL in 1) setting out the scale of economic benefit secured through the comprehensive regeneration of Old Oak and Park Royal and 2) preparing detailed business cases for individual funding and financing mechanisms.
- **RECOMMENDATION:** Central Government to secure the pooling of all public sector land at Old Oak into a single public sector land delivery body, such as London and Continental Rail (LCR / NR), to manage the design and delivery of this land in a coordinated and efficient way.
- **RECOMMENDATION:** Central Government to support the establishment of a clear and robust relationship between a new public sector land delivery body and OPDC. There are options for how this could be achieved ranging from a collaborative partnership to a legal Joint Venture. On 18 May 2015 OPDC board will be asked to agree a Memorandum of Understanding (MoU) between OPDC and LCR / NR on joint ways of working between both bodies. Should LCR / NR be identified as the public sector land delivery body then this MoU could be progressed

into a formal legal agreement.

- [REDACTED]
[REDACTED]
[REDACTED]
- [REDACTED]
[REDACTED]
[REDACTED]
- **RECOMMENDATION:** Central Government to support the coordinated design and delivery of the HS2 station, Over Station Development (OSD) and the Crossrail and IEP depot and sidings. This requires a commitment to 1) relocate and/or substantially reconfigure the Crossrail and IEP depots and sidings where possible 2) commit to funding the HS2 OSD enabling works by the end of 2015 and 3) securing a development manager (or potentially a development partner) as soon as possible to ensure the detailed design of this land and infrastructure is optimised for development. This timescale is necessary to ensure the final design of the HS2 station can account for wider interventions.
- **RECOMMENDATION:** The Growth Strategy demonstrates a funding gap in delivering the comprehensive regeneration of Old Oak. There is a need for the public sector to agree an approach that that will reduce and mitigate this gap. This will include a mixture of direct funding and financing measures and will require central Government support. There are many variables that need to be considered as part of this package;
- [REDACTED]
[REDACTED]
- **RECOMMENDATION:** Central Government to amend legislation to remove existing section 106 pooling restrictions within Old Oak and Park Royal. This legislative change would ensure OPDC can put in place a delivery strategy that avoids missing out on capturing potentially significant increases in land values. It will also provide greater local flexibility to deliver infrastructure in collaboration with existing landowners.
- **RECOMMENDATION:** Central Government support in delivering a 'spoke' of the HS2 'hub and spoke' approach to delivering training and skills to be located at Old Oak and support for existing businesses to able to benefit from future contracts.



1. CONTEXT

SUMMARY

- London must provide 49,000 new homes and 34,000 new jobs a year for the next 20 years and must accommodate 1.5m new people during this time
- Old Oak has the capacity to accommodate 24,000 homes and 55,000 jobs, it is one of the UK's largest regeneration programmes and is located on a large brownfield site in zone 2/3 west London.
- Old Oak will become one of the UK's most accessible locations with a new High Speed 2, Crossrail and Great West Mainline interchange due to open in 2026, along with two new London Overground stations and improvements to two existing stations
- Old Oak and Park Royal Development Corporation (OPDC) was established on 1 April 2015 to govern delivery of this significant regeneration programme. OPDC has a board chaired by the Mayor of London
- OPDC is the planning authority for Old Oak and Park Royal. It will determine planning applications, prepare and adopt a Local Plan in 2016 and will be the CIL charging and collecting authority. OPDC are in the process of preparing a planning framework for the area, which should be adopted in 2015. OPDC also has CPO powers, which it can use to support the regeneration of the area.
- The Old Oak and Park Royal Mayoral Development Area is 650ha in size.
- The core development area of Old Oak is 134ha in size. The public sector owns or has an interest in 97ha of this land at Old Oak. 17ha of land is owned by a single private land-owner 'Car Giant', with the remainder of land in mixed ownership arrangements.

1.1 ACCOMMODATING GROWTH

There is increasing pressure for London to provide greater numbers of new homes and jobs. In February 2015 London's population reached 8.615m people, exceeding the previous record high set in 1939. The Mayor's London Plan shows London's population will continue to grow by approximately 75,000 people a year, or the equivalent of 1.5 million additional people over the next 20 years. To meet this growth London will need to deliver an additional:

- 34,000 new jobs a year or 680,000 jobs over 20 years.
- 49,000 new homes a year or 1 million homes over 20 years.

Old Oak and Park Royal is one of the UK's and London's largest regeneration sites. Over the next 30 years it will play a huge role in delivering a large portion of London's growth. The scale of opportunity at Old Oak and Park Royal is set out in the Further Alterations to the London Plan, which identifies the potential for the area to accommodate 24,000 homes and 55,000 jobs.

Old Oak is 134 hectares. Today the area has limited public transport access and is occupied primarily by railway depots, rail lines, waste sites, a second hand car dealership, light industrial premises and a small number of residential units.

By 2026 public transport access will be dramatically transformed. A new High Speed 2, Crossrail and Great West Mainline interchange station will be open. The new Old Oak station will be one of the busiest stations in the country with an interchange capacity of 250,000 people at AM peak (by comparison London Waterloo has interchange capacity of 265,000). In addition there would be two new London Overground stations at Hythe Road and Old Oak Lane and improvements to two existing stations at Willesden Junction and North Acton. Old Oak will be one of the country's most connected and largest railway interchanges. It will have unprecedented links to central London (8 minutes), Heathrow (10 minutes) and the rest of the UK (Birmingham interchange 35 minutes).

The scale of new development at Old Oak will be the equivalent of building a large new town on a brownfield site in central London. Old Oak will provide a mix of house types and tenures. It will be a permeable place with a network of high quality streets for cyclists, pedestrians and vehicles that will help connect both Old Oak and Park Royal into its surroundings. This large new residential population will be served with new amenity spaces, local facilities and retail that will form part of a new Town Centre and High Street.

The area will also have a unique employment offer. A new commercial and office location focussed around the Old Oak station 'super-hub' will provide commercial space for 55,000 jobs. Adjacent to Old Oak is the UK's largest industrial estate of Park Royal, which provides space for 2,000 businesses with 44,000 employees. Park Royal will be strengthened and further intensified with the potential to provide an additional 10,000 industrial based jobs.

Delivering regeneration of this scale will also bring economic benefits to the surrounding local areas of Harlesden, Acton, Ealing and Kensal and beyond. Within the immediate vicinity of Old Oak there are a substantial number of super output areas within the top 10% most deprived in UK, coupled with a higher proportion of people on Jobs Seekers Allowance than the national average. The regeneration of Old Oak and Park Royal will play an important role in providing local people the skills, training and education required to take advantage of the employment opportunities generated both during and after construction.

1.2 GOVERNANCE ARRANGEMENTS

Delivering this scale of regeneration requires strong leadership and clear governance. To achieve this, the Mayor established the Old Oak and Park Royal Development Corporation (OPDC) on 1 April 2015, which has a dedicated remit to secure the regeneration of this area.

OPDC is the second such Mayoral Development Corporation in London, the first being the London Legacy Development Corporation (LLDC), established in 2012 to oversee delivery of the Olympic Legacy in east London.

OPDC is now the local planning authority for Old Oak and Park Royal and has powers to; prepare planning policy, set and collect Community Infrastructure Levy, determine planning applications, adopt and manage streets, and more broadly to facilitate the regeneration of the area. In addition, OPDC also has Compulsory Purchase powers to ensure that issues around land assembly can be resolved.

The establishment of OPDC has not only raised the profile of the area and the project within both the public and private sector it provides certainty over planning, decision making, and investment. OPDC is governed by a board that met for the first time on 1 April 2015. The board is comprised of the following people/organisations;

- Boris Johnson, Mayor of London (Chairman of OPDC)
- Sir Edward Lister, Deputy Mayor for Planning (Deputy Chair of OPDC)
- William McKee, Chair of Outer London Commission and Chairman of OPDC Planning Committee
- Cllr Muhammed Butt, Leader of Brent Council
- Cllr Julian Bell, Leader of Ealing Council
- Cllr Stephen Cowan, Leader of Hammersmith and Fulham Council
- David Prout, Director General High Speed 2, Department for Transport
- David Biggs, Managing Director, Network Rail
- Sir Peter Hendy CBE, Commissioner, Transport for London
- Simon Kirby, Chief Executive, High Speed 2
- Matthew Pencharz, Senior Advisor for Environment and Energy, Greater London Authority
- Rahul Gokhale, Chair of the Park Royal Business Group
- Eric Sorensen, Former Chief Executive of London Docklands Development Corporation and the Millennium Commission
- Amanda Souter, local resident and Chair of Wells House Road Residents Association
- Professor Debra Humphris, Vice Provost Education at Imperial College London

In addition to the board, OPDC includes a set of committees. The first two committees to be established are the Audit Committee and the Planning Committee. The first Planning Committee meeting is scheduled for 21 May 2015 and the committee includes:

- Dedicated Chair (who also sits on OPDC Board);
- One councillor from each of the three boroughs; and
- Three non-elected members appointed by the Mayor of London.

1.3 A MASTERPLAN AND ROBUST PLANNING POLICY

A masterplan for Old Oak and Park Royal is currently being prepared and is referred to as an Opportunity Area Planning Framework (OAPF). The OAPF provides supplementary planning guidance to existing London Plan policy. The London Plan identifies the capacity for Old Oak to accommodate 24,000 homes and 55,000 jobs and for Park Royal to accommodate 1,500 homes and 10,000 jobs.

In preparing this OAPF, the OPDC team are working closely with key stakeholders including; the three local Councils of Brent, Ealing and Hammersmith & Fulham, GLA, TfL, Network Rail, DfT, LCR / NR, HS2, landowners, interested groups, local residents and local businesses. The OAPF will provide certainty to investors, landowners, developers and the local residential and business community as to what level and type of development will be expected. A 6-week public consultation on the OAPF ran from 27 February to 14 April 2015 and work is currently underway to review responses and amend the OAPF as required. It is programmed to adopt the OAPF in late summer 2015.

As of 1 April 2015, OPDC became the local planning authority and is now in the process of preparing a dedicated Local Plan and a Community Infrastructure Levy (CIL) for the whole of Old Oak and Park Royal. It is programmed to adopt these by mid-2016. In addition, OPDC is also the local planning authority for the purposes of determining planning applications, and it can also use CPO powers to secure the regeneration of the area.



FIGURE 1: Existing Old Oak development area



FIGURE 2 : Indicative masterplan showing the scale of development potential at Old Oak

1.4 LANDOWNERSHIP

Old Oak is 134 hectares in size. This land is in a mixture of public and private sector ownerships. One opportunity is that there are only a small number of large landowners.

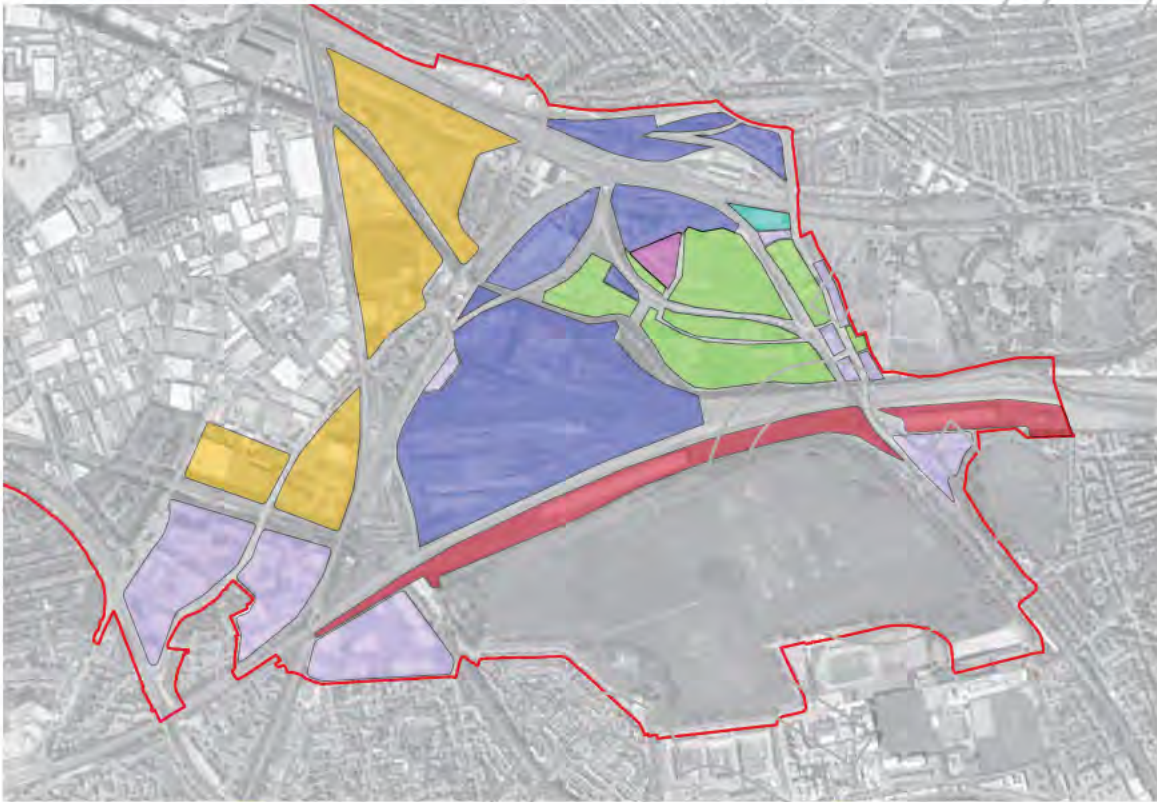


FIGURE 3: Public and private landownership map

PUBLIC SECTOR LAND

The public sector owns or has an interest in 97 hectares of land at Old Oak (71% of the total development area). This land alone could accommodate 10,500 homes and 46,000 jobs.

The numbers below show the potential land receipts to the public sector should it choose to sell its freehold owned land as development sites. Receipts generated from the sale of this land have been modelled in line with the proposed phasing programme:

These receipts are after costs for direct on-site delivery of infrastructure as well as CIL contributions. However, these receipts do not include abnormal costs associated with land assembly. These abnormal land assembly costs will be particularly relevant in considering the relocation of the Crossrail and Inter City Express (IEP) depot and sidings, in building the enabling works to deliver new Over Station Development (OSD) on the HS2 site, and [REDACTED]. These abnormal costs would have to be factored into land receipts. Further detailed work is now underway to identify these.

These land receipts provide a powerful incentive for the public sector to work collaboratively to realise the scale of opportunity at Old Oak. To support this OPDC has established a Public Sec-

tor Land Forum which includes DfT, LCR, HS2, TfL, Crossrail, Network Rail, LBHF, the GLA and OPDC. This group will work closely together to align public sector interests. On 18 May 2015 OPDC Board will be asked to agree a Memorandum of Understanding with LCR / NR about how both bodies will work closely together to support this aim.

It should be noted that the public sector does not have to sell its land. There are other ways in which the public sector could choose to 'stay-in' during the development phases and beyond. Whilst these options are likely to increase risk they could also bring about significant longer term benefits and enable the public sector to deliver things the market may not be prepared to. The long term role of the public sector in bringing forward development on its own land is currently being considered at the Olympic Legacy site and lessons can be learnt from that.

PRIVATE SECTOR LAND

The private sector owns 37 hectares of land at Old Oak, of which Car Giant owns approximately 16 hectares (equivalent of 11% of the total development area). Car Giant has appointed a team to progress a development proposal for its own land and is now in discussions with the GLA/TfL/OPDC to produce an outline application for early 2016.

The scale of Car Giant's landownership, coupled with their intention to redevelop their land in line with the Mayor's OAPF make them important private sector stakeholder. OPDC will continue to work with Car Giant to ensure the comprehensive regeneration of Old Oak can be achieved.

The remaining 17 hectares of land are in a mixture of different ownerships. OPDC has started discussions with these freeholders to provide advice as to the Mayor's regeneration objectives for the area.

2. DEVELOPMENT PROGRAMME

SUMMARY

- The core development area of Old Oak is made up of four development zones each with its own homes and jobs development capacity and associated infrastructure requirements.
- Pre-2026 will see residential led development focused north of the Grand Union Canal, around North Acton and on the Genesis site.
- Post-2026 development will be commercially led and will be focused on sites around the newly opened HS2, Crossrail, GWML station to the south of the canal.
- Current projections show the potential to deliver 9,000 homes and 9,000 jobs pre-2026 with 15,000 homes and 46,000 jobs post-2026.
- There are significant levels of new infrastructure required to unlock this scale of development with early projections identify a total infrastructure bill of [REDACTED]

2.1 DEVELOPMENT CAPACITY

The core development area of Old Oak has been divided into four development zones.

- Old Oak North (including Hythe Road and Willesden Junction)
- Old Oak South (including the depots, HS2 works sites and the Genesis site)
- Scrubs Lane (including north and south)
- North Acton



FIGURE 4: Old Oak Development zones

Figure 5 below shows the development capacity across each the zones and the associated infrastructure required to unlock development in each zone.

Development zone	Homes	Jobs	Infrastructure requirements
North Acton	6,000	4,500	Upgraded North Acton station Better connections to HS2 station School expansion
Old Oak North - Hythe Road and Scrubs Lane	8,000	6,000	Improved Scrubs Lane Early access to Wormwood Scrubs Two new east/west access roads New Hythe Road Overground station New eastern canal bridge to HS2 New High Street and amenity space New school and community provision Upgraded utility network
Old Oak South	7,000	43,500	Relocation of Crossrail depot Relocation of IEP depot Delivery of Old Oak HS2 station OSD enabling works at HS2 station New connection to Wormwood Scrubs Old Oak Lane Overground station Two new canal bridges New High Street and amenity space New school and community provision Upgraded utility network
Old Oak North – EMR, Powerday and Willesden Junction	3,000	1,000	Willesden Junction station improvements Willesden Junction and WCML bridge Release of Powerday and EMR from designations New High Street and amenity space Upgraded utility network

FIGURE 5: Development capacity across each zone

2.2 PHASING

Phasing this scale of development is a complex undertaking. The phasing assumptions included in the Growth Strategy are based on experience, knowledge of the sites, and discussions with landowners. The programme is based on our best understanding of the current timescales, but this will evolve as circumstances change over the course of this 30 year programme.

We have been keen to ensure that the programme is flexible enough to ensure that development proposals can respond to changes in the market cycle over this period. This programme assumes early development will start in those areas where the least level of intervention and infrastructure is required; and where a quality new place can be created early where people will be attracted to live and work with the lowest level of up front investment.

Figure 6 shows the broad phasing programme. The plan also identifies three HS2 works that will need to be included in the development programming as these sites will become available post HS2 construction in 2026.



FIGURE 6: Old Oak 30-year phasing plan

DEVELOPMENT PRE-2026

Development pre-2026 is most likely to start to the north of the Grand Union Canal, along Scrubs Lane, around North Acton and on the Genesis site. Pre HS2 the focus is to deliver a significant quantum of new homes on private sector land. This will require an effective and coordinated delivery strategy with existing land owners. Initial investment will be focussed around unlocking access to existing and new transport and place-making that will attract investors and a new community to the area.

Development on this land would be primarily residential-led and supported with a mix of associated town centre uses. Delivery of these sites is not contingent on the delivery of the new HS2 station or the relocation of significant rail infrastructure.

- North Acton: development is already underway and will continue.
- Scrubs Lane North: possible start date of 2016/17.
- Old Oak south (Genesis): possible start date of 2018.
- Old Oak north (Hythe Road): possible start date of 2021 subject to the relocation of Car Giant, early development on this land would be focussed on the eastern land around the new Hythe Road London Overground station.

DEVELOPMENT POST-2026

The opening of Old Oak station in 2026 will act as a huge catalyst to the regeneration of land to the south of the Grand Union Canal, which is primarily in public sector ownership. This will require an effective and coordinated approach to secure maximum value for the public and the economy. This area will become the new commercial hub. This represents a shift in the land use strategy from a focus on housing delivery pre-2026 to a focus on commercial space delivery

post-2026. This strategy reflects the fantastic public transport accessibility that would be unlocked at this point.

- Old Oak south (Crossrail depot and sidings) – possible start date of 2026, subject to the phasing of the relocation and/or substantial reconfiguration of the depot and sidings.
- Old Oak south (HS2 work sites and over station development) – possible start date of 2026, once these work sites are no longer needed by HS2
- Old Oak south (IEP depot) – possible start date of 2041, subject to the relocation of the depot and sidings to an alternative location.

In addition, it is also expected that those remaining sites to the north of the canal will also become available for development, including;

- Old Oak north (EMR and Willesden Junction) – possible start of 2031 when the existing EMR lease expires, but could come forward earlier should EMR be relocated before their lease expires
- Old Oak north (Powerday) – possible start date in early 2040's based on the current lease arrangements

2.3 MARKET ABSORPTION RATES

The table below sets out the quantum of homes and jobs that could be delivered across the four zones over the next 30 years. Each of the zones is considered to be separate market and could facilitate co-delivery at the same time without flooding the Old Oak market.

Residential	Pre 2026	2026 - 2036	2036 - 2046	Total
North Acton	3,315	1,473	1,000	5,788
Old Oak North (Hythe Road, Genesis, Scrubs Lane North and South)	4,111	3,400	794	8,305
Old Oak North 2 (Willesden Junction, EMR, Powerday)	-	1,592	1,655	3,246
Old Oak South	1,570	3,533	1,702	6,805
Total	8,997	9,998	5,151	24,145

Jobs	Pre 2026	2026 - 2036	2036 - 2046	Total
Total	8,903	40,804	6,012	55,718

FIGURE 7: Detailed development phasing across Old Oak pre and post 2026

RESIDENTIAL ABSORPTION RATES

Projections show that the 30 year phasing programme could achieve an average absorption rate of approximately 1,000 new homes a year (comprising a mix of different housing products). This absorption rate will flex over time, but current projections show a peak in 2029/2030 following the opening of the HS2 station and the release of existing rail sites for development to the south

of the canal. The residential absorption chart below is based on a 30% Affordable Housing (AH) provision.²

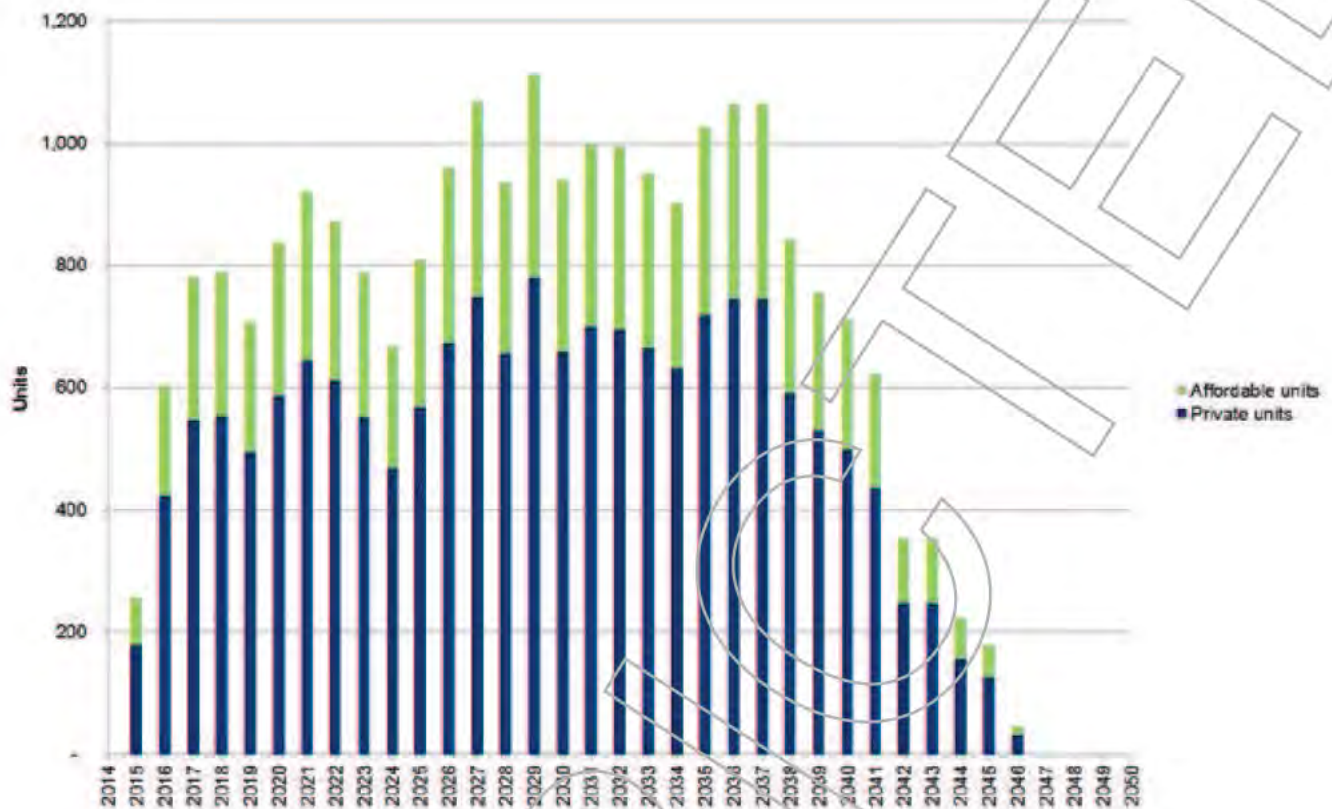


FIGURE 8: Projected residential unit absorption rates at Old Oak (assuming 30% AH)

COMMERCIAL ABSORPTION RATES

The opening of significant new rail and public transport infrastructure in, and before, 2026 will transform Old Oak. At that point Old Oak will become an exceptionally attractive commercial location and there will be a strong ability to attract new commercial development. A significant portion of this new commercial hub would be located on public sector owned land.

Pre-2026 there will also be a smaller quantum of commercial space delivered across the wider area of Old Oak and this will include a mixture of flexible employment space, retail and leisure. The chart below shows how we have modelled the delivery of commercial accommodation across the area.

² Further work will be carried out to model different levels of affordable housing at 20% and 40%. Further work is still needed to identify the required level of affordable housing. The decision as to the required level of affordable housing will be taken by OPDC board and examined in public by the planning inspector once submitted as part of the local plan.

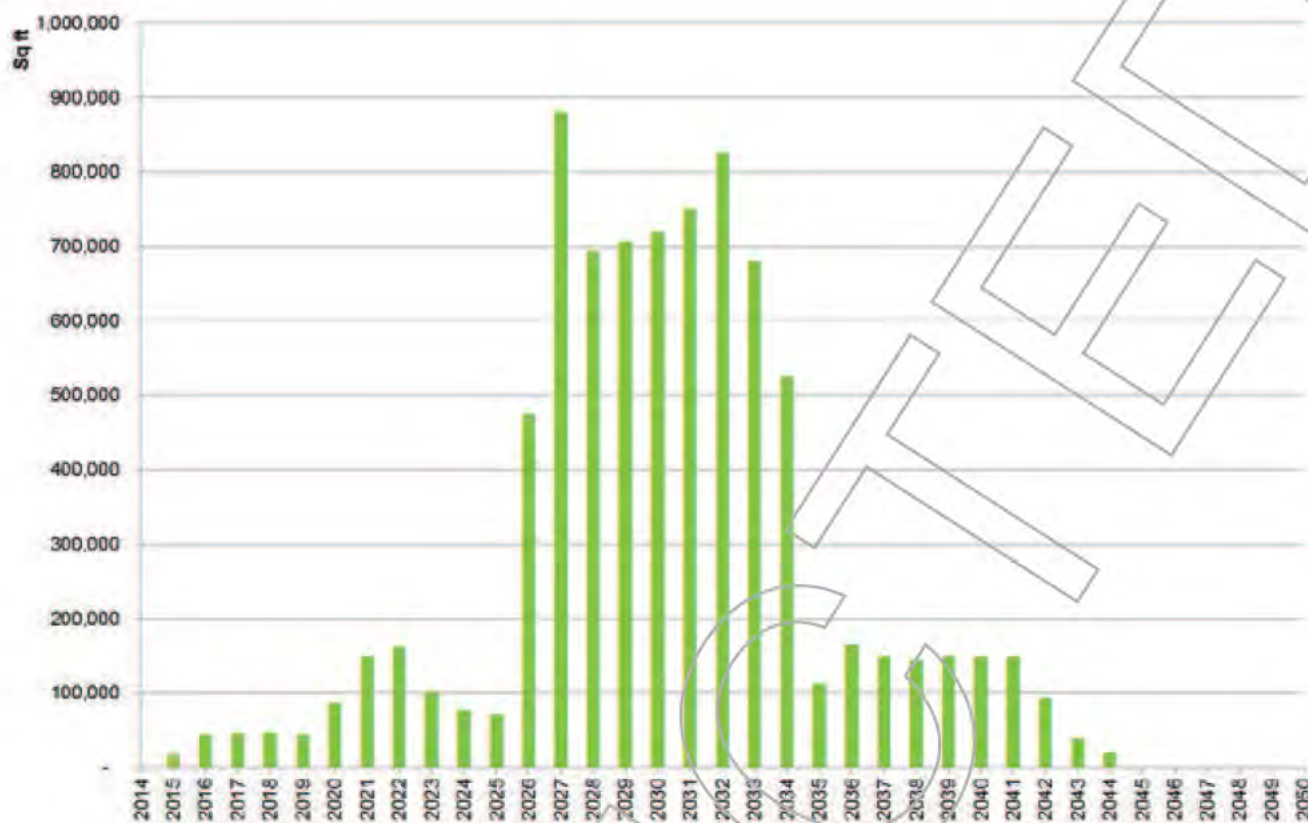


FIGURE 9: Projected commercial absorption rates at Old Oak

	2015	2016	2017	2018	2019	Trend
HPI	2.9%	3.7%	5.4%	7.9%	6.1%	7.0%
TPI	4.5%	4.0%	3.5%	3.5%	4.1%	4.1%
CPI (deflator)	0.1%	1.2%	2.0%	2.2%	2.0%	2.0%
Office rent	3.3%	3.3%	3.3%	3.3%	3.3%	3.7%
Retail rent	2.4%	2.4%	2.4%	2.4%	2.4%	2.9%
Affordable (RPI+0.5%)	1.7%	3.6%	4.0%	4.0%	4.0%	4.0%
RPI	1.2%	3.1%	3.5%	3.5%	3.5%	3.5%

FIGURE 10: Indexation Assumptions (Base Date = Q1 2015)

2.4 INFRASTRUCTURE COSTS

The existing Old Oak area is land locked by existing rail lines. Today there is very little infrastructure in place that could be used to support the proposed scale of development.

A substantial amount of new and improved infrastructure is required to unlock Old Oak and Park Royal. Evidence produced by GLA/OPDC shows the cost to the public sector of delivering this infrastructure is £2.2 billion real, excluding optimism bias (£3.3bn real, including optimism bias). Work on refining these costs will continue as detailed proposals for specific pieces of infrastructure emerge.

£m		TOTAL COSTS (Base Inputs, Exc Optimism Bias)	DEVELOPER COSTS	TOTAL PUBLIC SECTOR COSTS (Base Inputs, Ex Optimism Bias)
Scheme Transport	Roads, bridges, paths			
	New stations			
	Station upgrades			
	Bus			
	Cycle			
	Sub-Total			
Utilities	Heat and power network			
	Electricity			
	Gas, potable water, sewerage			
	Sub-Total			
Social	Education			
	Emergency services			
	Health			
	Integrated community facilities			
Amenities	Open space			
	Access to Wormwood Scrubs			
	Sub-Total			
Wider Transport	Crossrail spur			
	Sub-Total			
Land Assembly	Depot relocation			
	HS2 deck			
	Sub-Total			
	TOTAL (All)			
	TOTAL (Exc OSD and Depot)			

FIGURE 11: Old Oak total infrastructure requirements

£ Million	Base	Base (Inc Optimism Bias)	Real	Real (Inc Optimism Bias)	Nominal	Nominal (Inc Optimism Bias)
Public Sector Infrastructure Costs						
OSD and Depot Costs						
Total CapEx Costs						
AH Grant (30%)						
Total Public Sector Costs						

FIGURE 12: Scheme costs summary



FIGURE 13: Scheme Infrastructure Costs (Excluding Depot/OSD)

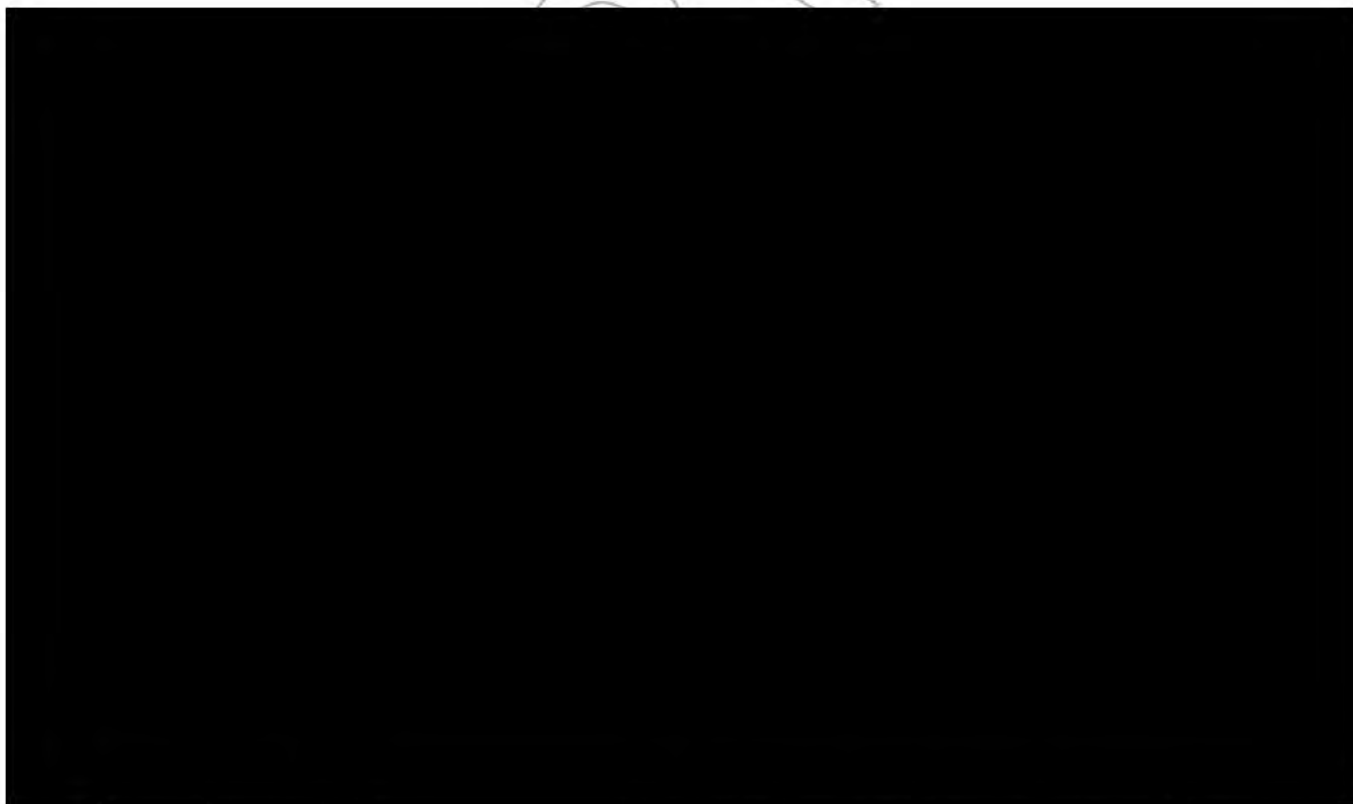


FIGURE 14: Scheme CapEx Costs (Infrastructure & Depot/OSD)

It will not be possible to secure this scale of new infrastructure solely from development contributions and some level of public investment and support is required. Figures 5, 6a and 6b show the locations of those key pieces of transport and utility infrastructure.

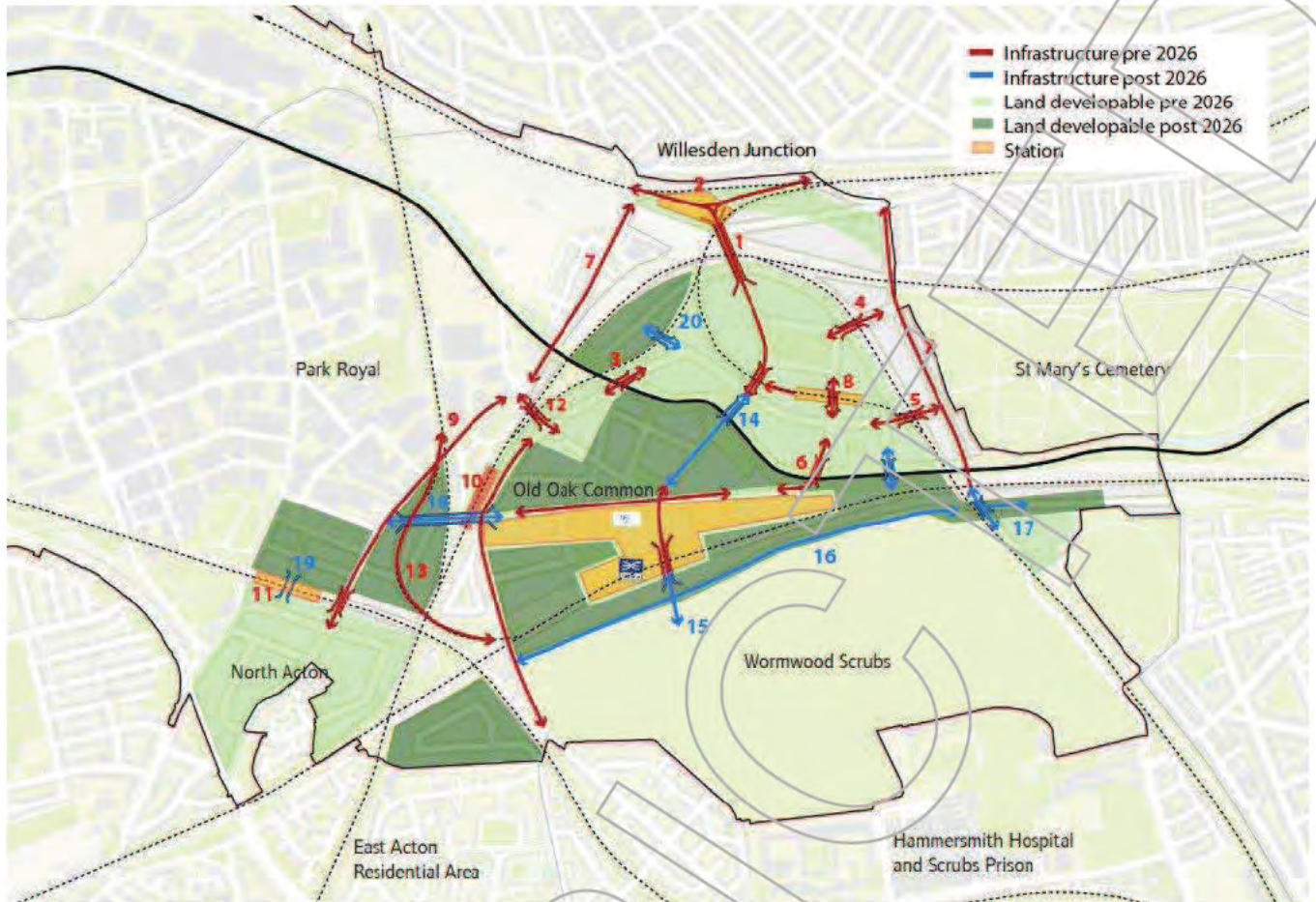
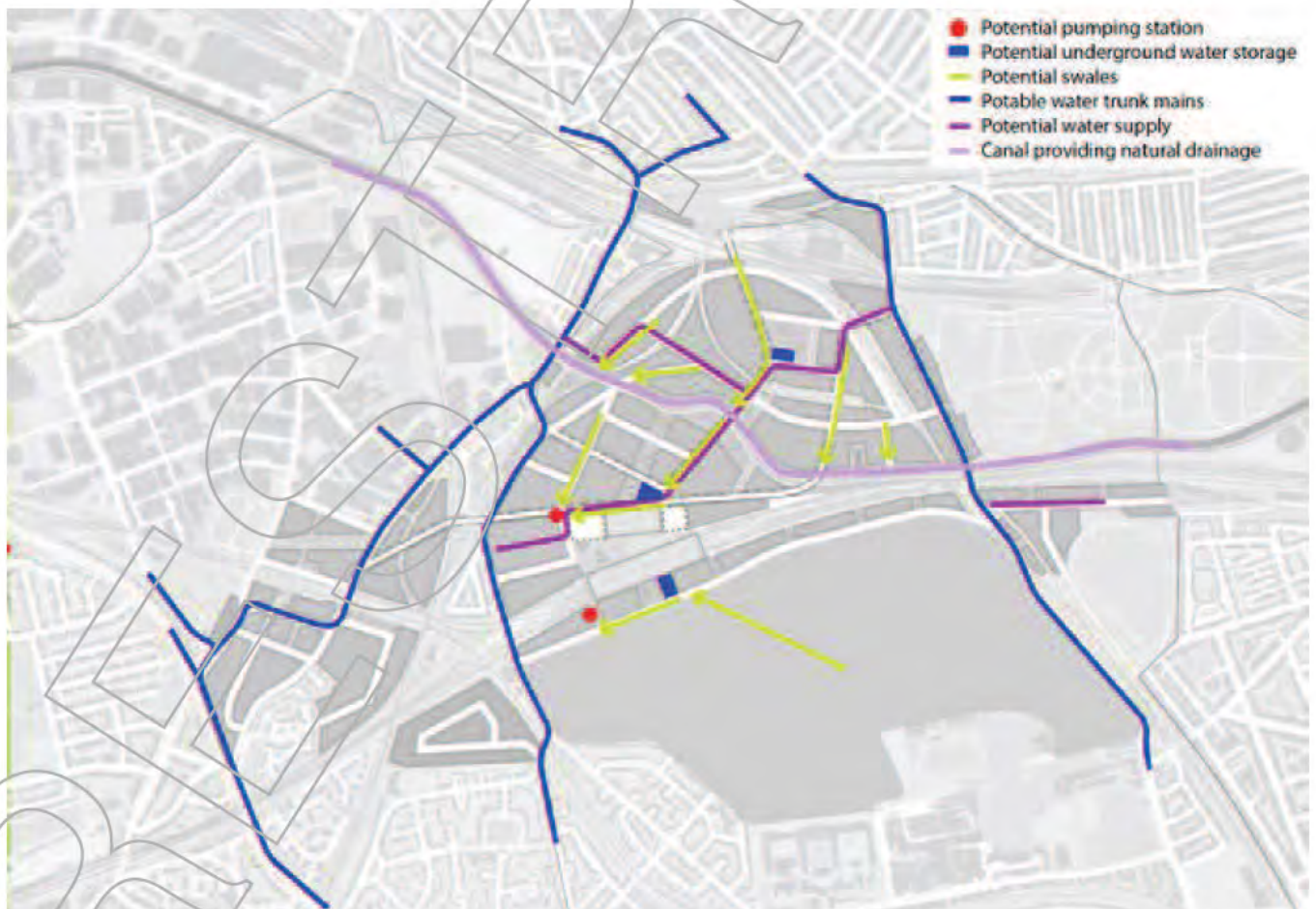


FIGURE 15: Transport Infrastructure requirements pre and post 2026

FIGURE 16: Utility Infrastructure requirements at Old Oak (Water)
Page 236

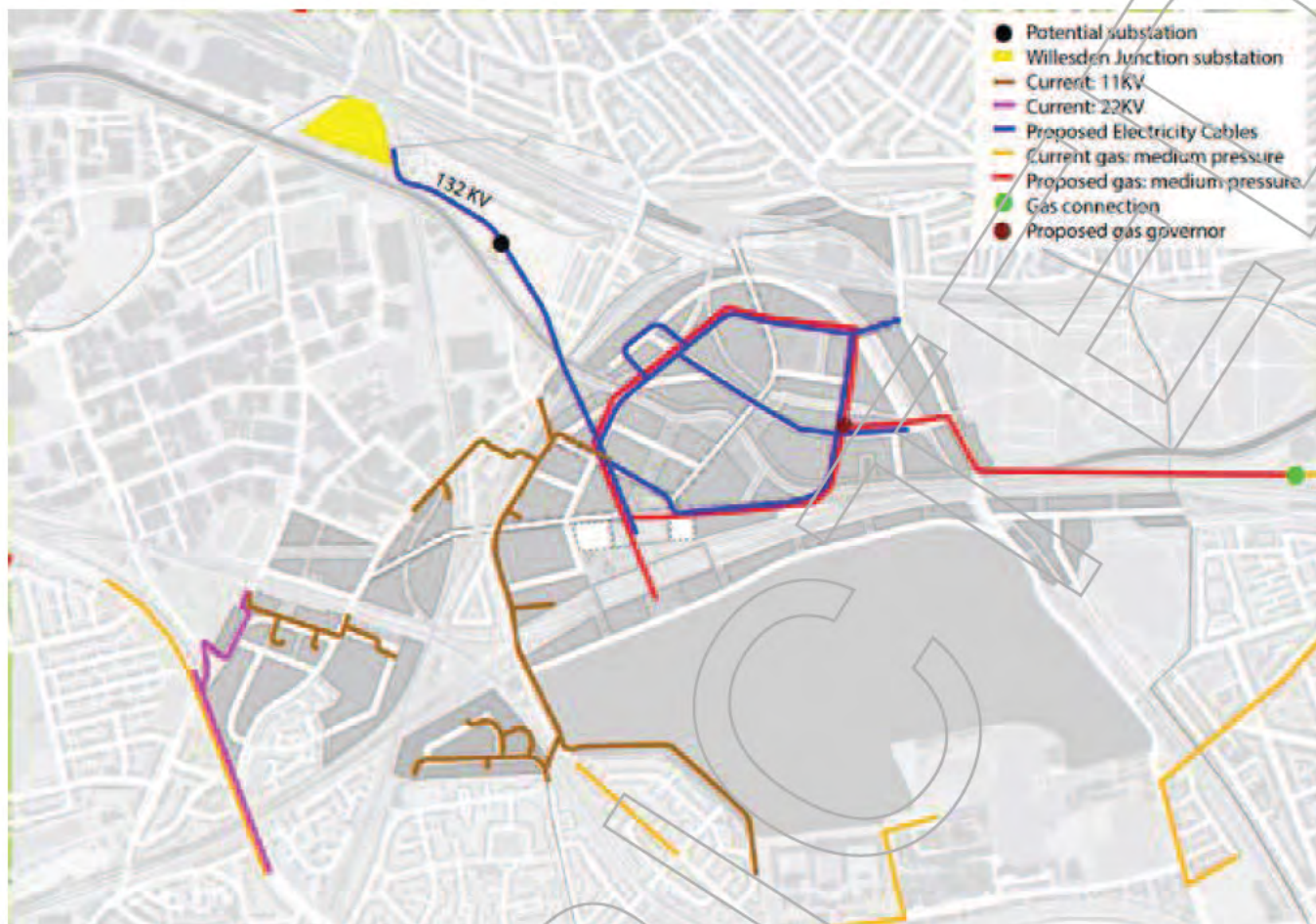


FIGURE 17: Utility Infrastructure requirements at Old Oak (Electricity and Gas)



FIGURE 18: Social infrastructure requirements at Old Oak (Schools, health care, other services)

3. INVESTMENT & SUPPORT

SUMMARY

- The comprehensive regeneration of Old Oak would generate £7.1bn GVA for the economy. This is £5.3bn greater than the level of GVA projected through the HS2 reference case
- £2.4bn would be generated through housing consumption (in addition to GVA)
- There is a total public sector infrastructure bill of £2.2 billion real, excluding optimism bias (£3.3bn real, including optimism bias)^{2.1} to unlock the proposed scale of development at Old Oak, which cannot be met solely through private sector delivery and/or contributions
- A material amount of infrastructure will be delivered directly by developers. Development contributions through CIL could generate [REDACTED]
- [REDACTED]
- New Homes Bonus could generate approximately £259m to £262m real (£373m to £376m nominal) of grant funding from central Government
- [REDACTED]
- [REDACTED]
- However, the public sector could take a different development approach at Old Oak and could choose to 'stay-in' during the development process and whilst this may create a higher risk it could allow the public sector to generate more value and deliver things the private sector market may not be willing to
- There are also other funding opportunities that are still being explored in detail including through TfL business plan, opportunities for Affordable Housing grant and mainstream funding for social infrastructure provision.

OPDC'S ASKS

- RECOMMENDATION: Central Government to continue to work positively and support OPDC, GLA and TfL in 1) setting out the scale of economic benefit secured through the comprehensive regeneration of Old Oak and Park Royal and 2) preparing detailed business cases for individual funding and financing mechanisms.
- RECOMMENDATION: Central Government to secure the pooling of all public sector land at Old Oak into a single public sector land delivery body, such as London and Continental Rail (LCR / NR), to manage the design and delivery of this land in a coordinated way.
- RECOMMENDATION: Central Government to support the establishment of a clear and robust relationship between a new public sector land delivery body and OPDC. There are options for how this could be achieved ranging from a collaborative partnership to a legal Joint Venture. On 18 May 2015 OPDC board will be asked to agree a Memorandum of Understanding (MoU) between OPDC and LCR / NR on joint ways of working between both bodies. Should LCR / NR be identified as the public sector land delivery body then this MoU could be progressed into a formal legal agreement.

- [REDACTED]

- [REDACTED]

- RECOMMENDATION: Central Government to support the coordinated design and delivery of the HS2 station, Over Station Development (OSD) and the Crossrail and IEP depot and sidings. This requires a commitment to 1) relocate and/or substantially reconfigure the Crossrail and IEP depots and sidings where possible 2) commit to funding the HS2 OSD enabling works by the end of 2015 and 3) securing a development manager (or potentially a development partner) as soon as possible to ensure the detailed design of this land and infrastructure is optimised for development. This timescale is necessary to ensure the final design of the HS2 station can account for wider interventions.

- RECOMMENDATION: The Growth Strategy demonstrates a funding gap in delivering the comprehensive regeneration of Old Oak. There is a need for the public sector to agree an approach that that will reduce and mitigate this gap. This will include a mixture of direct funding and financing measures and will require central Government support. There are many variables that need to be considered as part of this package;

- [REDACTED]

- To consider the ability to utilise future revenue streams such as Enterprise Zones, a local variation (or supplement) to Stamp Duty retention in this area; New Homes Bonus, Affordable Housing grant (but not limited to these) to a peak amount of [REDACTED] to enable delivery or larger pieces of infrastructure such as HS2 OSD and the depot redevelopments

- [REDACTED]

- **RECOMMENDATION:** Central Government support in delivering a 'spoke' of the HS2 'hub and spoke' approach to delivering training and skills to be located at Old Oak and support for existing businesses to be able to benefit from future contracts.

3.1 ECONOMIC BENEFIT ANALYSIS

Securing the comprehensive regeneration of Old Oak as set out in the Mayor's Opportunity Area Planning Framework would generate an estimated £7.1billion³ of Gross Value Added (GVA) to the economy annually. The detailed appendices provide further information on the economic modelling work. This is £5.3 billion greater than the GVA figures secured through the HS2 reference case. In addition to GVA, this regeneration project would generate other economic benefits in the form of the consumption of housing, which is estimated to be an additional £2.4 billion, which is £2.2 billion above the HS2 reference case.

Figure 19 below shows the significant benefits to GVA and employment generated through the development secured through OSD and also through unlocking the Crossrail depot and sidings.

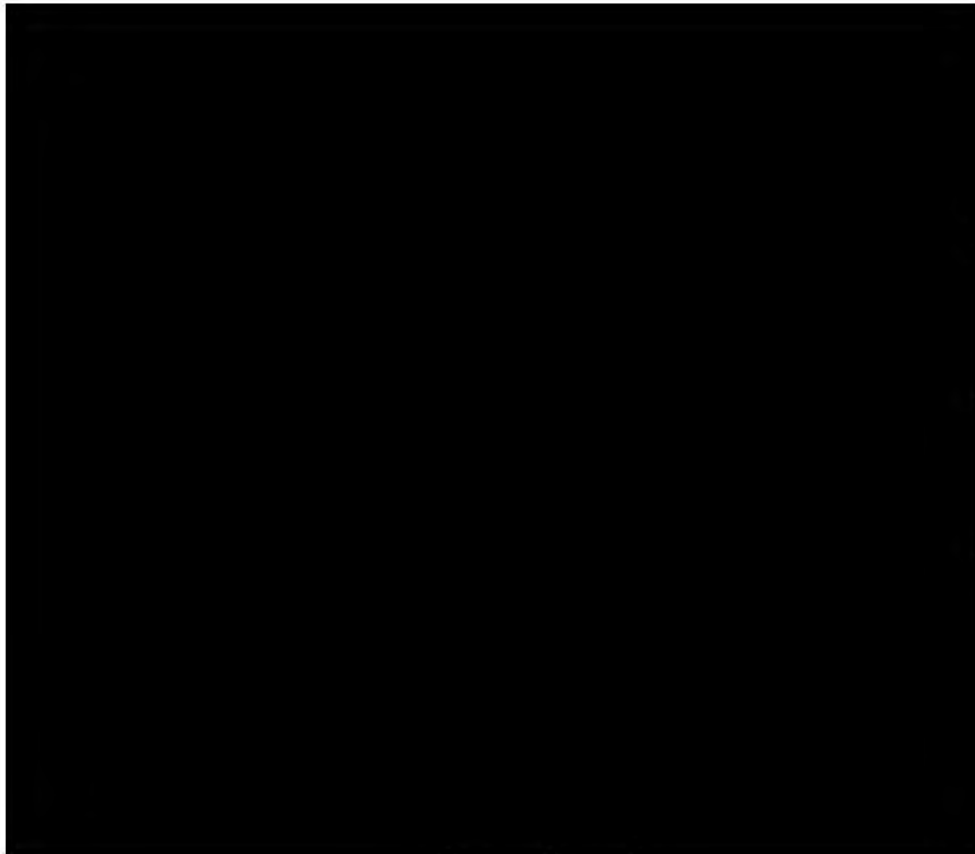
The calculation of net jobs in the different scenarios above has sought only to take account of those jobs that are additional i.e. that would not have occurred unless the development had taken place. This work also takes into account whether new economic activity at Old Oak would actually displace economic activity from other parts of London. The estimates shown above include net jobs that have been created at Old Oak (direct jobs) as well those associated jobs in the supply chain that have been created across London. The calculation of the net jobs has used the gross jobs estimates provided in the OAPF and the economic modelling work has been adjusted to account for job displacement and jobs being lost. A bespoke economic model has been used to calculate the wider supply chain impacts and the jobs impact across London (which are further adjusted to take account of displacement).

³ GVA numbers are quoted at three Borough level. Including displacement the overall benefit to London is still positive at £2.7bn annually

Figure 19: GVA and employment three borough impact (Brent, Ealing, Hammersmith & Fulham)

• Scenario 1: HS2 reference case

• [REDACTED]
• [REDACTED]
• [REDACTED]
• [REDACTED]



19a: Employment



19b: GVA (£m)

3.2 LAND ASSEMBLY SUPPORT

To secure the comprehensive regeneration of Old Oak there will be a need to assemble specific pieces of land and OPDC does have CPO powers to support this where necessary:

- Public sector land - the public sector own, or have an interest, in 97ha of land (including HS2 work sites). This land alone could accommodate approximately 46,000 jobs and 11,000 homes. It is important that the public sector works collaboratively to ensure these benefits are maximised for the public sector and wider economy. This could be achieved by pooling public sector land, including HS2 sites, and coordinating the design and delivery through a dedicated agent such as London and Continental Rail (LCR / NR) with a clear and robust relationship with OPDC. On 18 May 2015 the OPDC Board will be asked to agree an MoU between OPDC and LCR / NR covering joint working to draw on LCR / NR's expertise in rail development and regeneration.
- The HS2 OSD sites and the Crossrail depot and sidings – Combined this land could accommodate 38,000 jobs and 3,700 homes. Work is now underway by OPDC to identify the enabling works necessary to secure delivery of HS2 OSD. In addition TfL and OPDC are also preparing a feasibility study to explore the opportunities for relocating and/or substantially reconfiguring the Crossrail depot and sidings to enable the development of this land. This work will identify the potential costs for both proposals. It is important that both of these sites are de-risked to allow this land to be designed and delivered as a single place. To enable the coordinated design of the HS2 station and surrounding sites during 2016 there is a need to commit to the relocation and/or substantial reconfiguring of the Crossrail depot and sidings as well as a commitment to fund the enabling works for OSD above HS2 by the end of 2015. To support this there is a need to secure a Development Manager as soon as possible to ensure the detailed design of the station and associated infrastructure is optimised to facilitate development. There is also a need to have a discussion as to the most appropriate time to bring on a development partner.
- Intercity Express Depot (IEP) – The IEP depot is freehold owned by DfT and leased as an operational depot until 2041. IEP sits immediately south of the newly planned HS2 station and immediately north of Wormwood Scrubs (68ha of Metropolitan Open Land). Securing a connection from Old Oak and HS2 across the IEP depot and associated rail lines into Wormwood Scrubs is critically important in improving permeability, creating a single place and driving value across the whole of the proposed commercial area. The decision to locate IEP at Old Oak was taken prior to current the central Government proposal to locate a new HS2 interchange here. In light of this, OPDC would welcome fresh feasibility study into the potential to relocate, and/or reconfigure, the depot and associated rail lines. Given the central London location and the potential values, this study should now also consider all land opportunities along the Great West Main Line, including non-rail land. This study will also consider other means of accessing the Scrubs should it determined that it is not technically and commercially feasible to relocate the depot and associated rail infrastructure. The IEP site has the capacity to accommodate 2,200 homes and 5,100 jobs.
- European Metal Recycling site (EMR) - is designated strategic rail land and is freehold owned by Network Rail. The site is leased for 15 years to EMR and is currently used as a waste facility. The site has the capacity to accommodate 1,300 homes and 700 jobs. It also provides an important strategic connection from the core development area at Old Oak to Willesden Junction and Harlesden town centre.

- North-West Scrubs Lane – there are a mix of freehold and leasehold arrangements in this area. A new east-west access route over or under the existing Network Rail line is required in this area. Due to the fragmented nature of existing ownership arrangements in this location public sector support in assembling this land is likely to be required.

3.3 FUNDING AND FINANCING OPTIONS

OPDC/GLA has identified a gross infrastructure cost of [REDACTED] an optimism bias. Funding this infrastructure will come from a range of sources.

PRIVATE SECTOR CONTRIBUTIONS

The private sector will play a significant role in delivering infrastructure at Old Oak and Park Royal through a number of mechanisms including: direct on-site delivery, CIL, Section 106 and Section 273 works. Legislation requires that the level of development contributions sought from new development should be based on scheme viability and not the overall infrastructure bill for the area. Work undertaken to date indicates that, over the course of the development programme, [REDACTED]

[REDACTED] There are two big assumptions included in these figures:

- The level of CIL varies depending on the required level of affordable housing. Simply put 20% affordable housing would secure more CIL contributions, while 40% affordable housing will secure less CIL. The level of affordable housing will need to be evidence based and agreed by OPDC Board and then examined in public by the Planning Inspector via the local plan
- The CIL level will change over time as the viability of new development improves. It is projected that CIL levels will increase as the area transforms and the HS2 station opens. Future CIL levels will need to be amended through an Examination in Public.

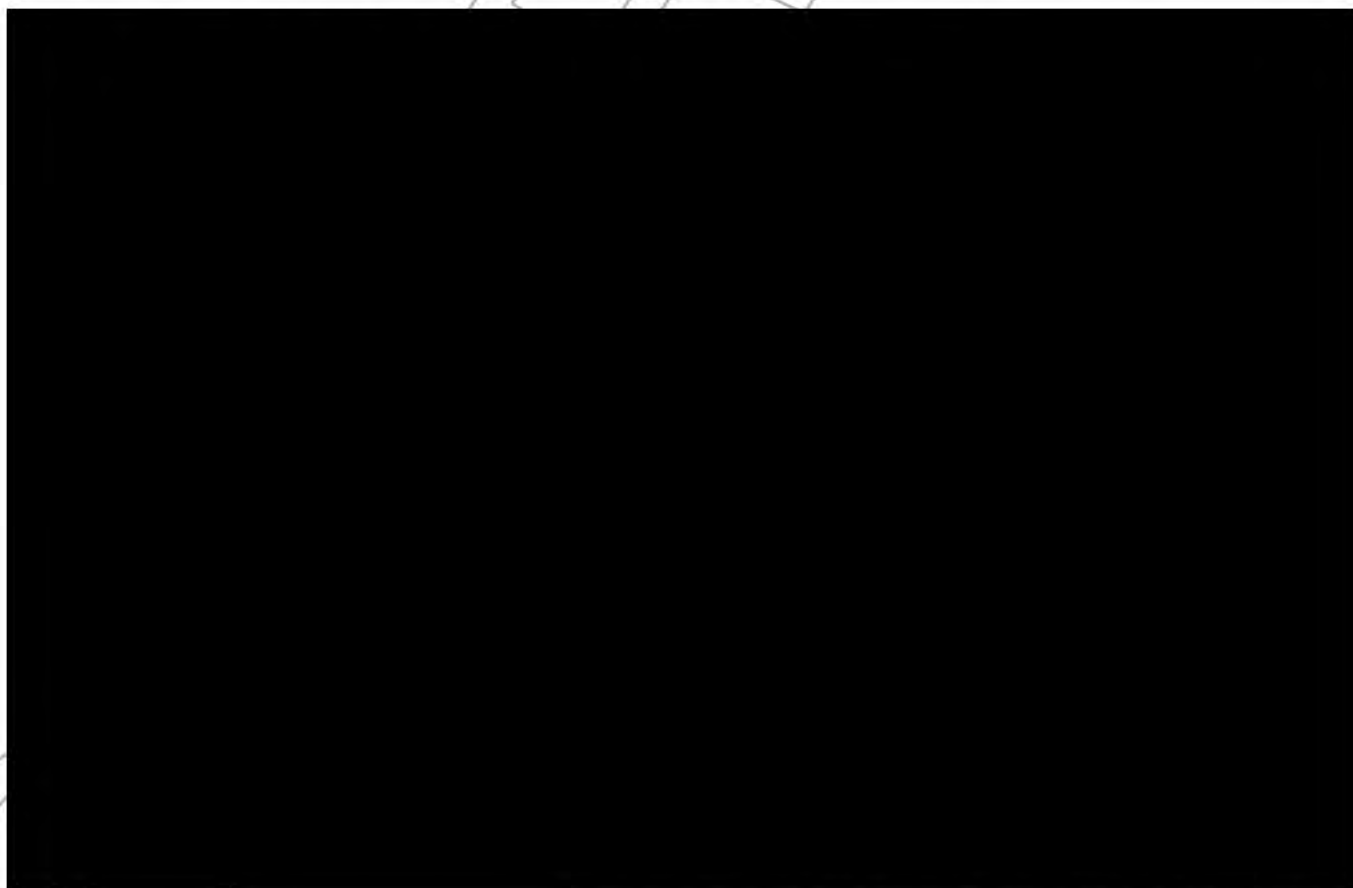


FIGURE 20: Cumulative CIL (Real) at different levels of affordable housing

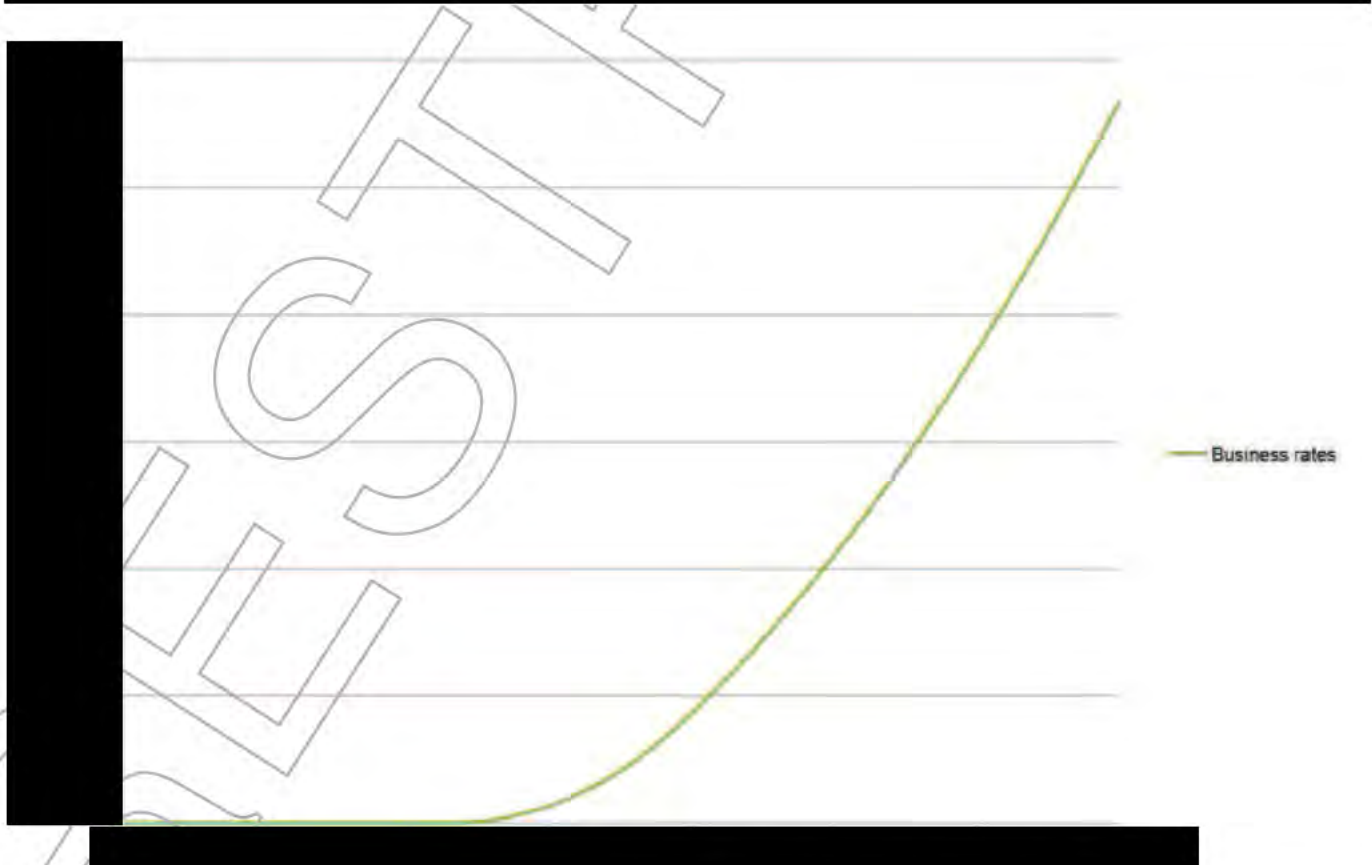
There is a 30 year delivery programme for Old Oak. Given the length of time, it is important that there is a sufficiently flexible value capture mechanism for the public sector to utilise in negotiations with the private sector. Current CIL and section 106 legislation is more suitable at a borough level. It places a restriction on the ability of OPDC to coordinate infrastructure delivery with the private sector over a longer period of time. Current arrangements are likely to generate the following issues;

- Given the significant value changes anticipated at Old Oak it is likely that the CIL charging schedule will have to be revised on a regular basis to ensure the public sector can adequately capture value increases from development as and when new development comes forward; and
- As of 1 April 2015 section 106 pooling restrictions limit the number of section 106 contributions for a particular piece of infrastructure to five, given the quantum of new infrastructure required in the area this is likely to place restrictions on securing contributions towards new infrastructure. Removing this restriction at Old Oak and Park Royal would give OPDC the ability to plan more flexibly for delivery over a longer period of time.

OTHER FUNDING AND FINANCING OPTIONS

Developer contributions will not be sufficient to fund delivery of all infrastructure at Old Oak and Park Royal. It will be necessary to explore other funding sources and financing options to plug this gap. The following mechanisms have been identified as potential sources.

1. *Enterprise Zone (EZ)*: Should OPDC secure Enterprise Zone status at Old Oak it would be able to retain all business rate growth for a period of at least 25 years to be reinvested locally.



Page 244 FIGURE 21: Nominal Business Rate Receipts (via and EZ)

2. *Retain public sector land:* The public sector freehold own 71ha of land at Old Oak and have an interest in 26ha of land identified as HS2 works sites. The numbers below show the potential land receipts to the public sector should it choose to sell its freehold owned land as development sites as per the proposed phasing programme set out above. The total receipts below are after direct on-site delivery of infrastructure and CIL cost, however, they do not include abnormal costs associated with land assembly such as relocation of the Crossrail depot and sidings, enabling works for HS2 OSD [REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]

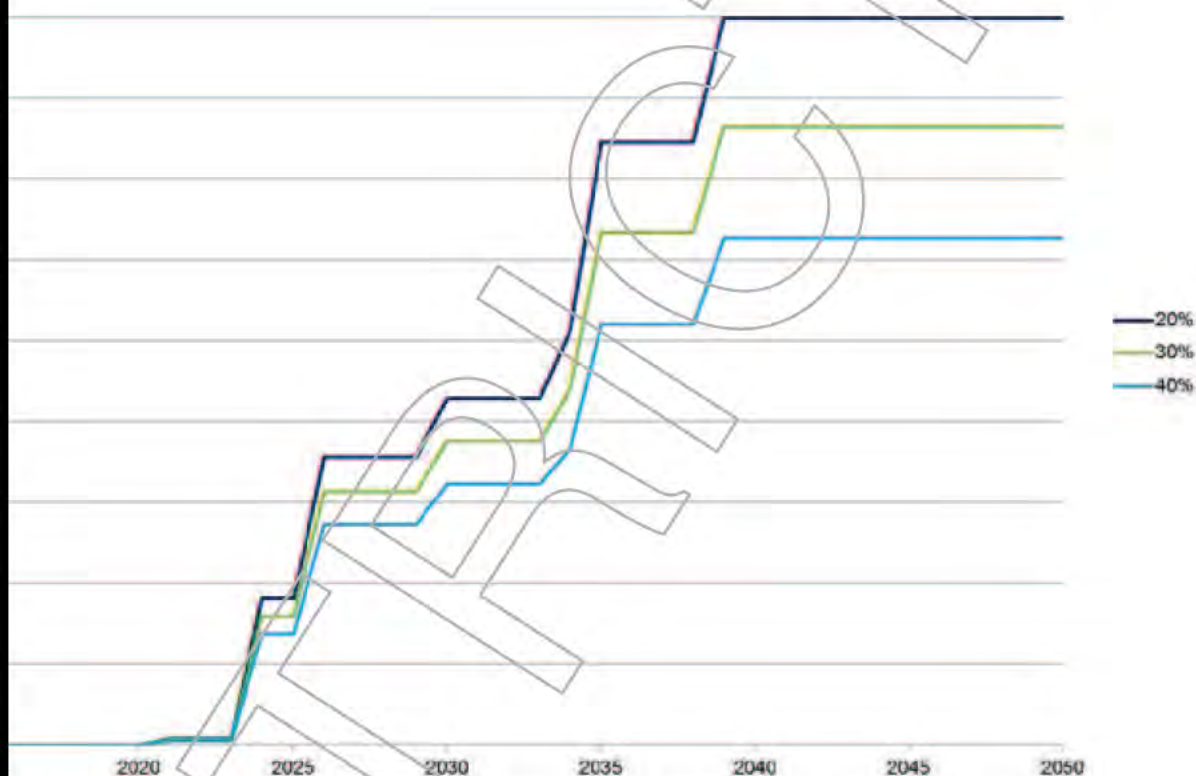


FIGURE 22: Nominal Public sector land receipts generated through the direct sale (Nominal)

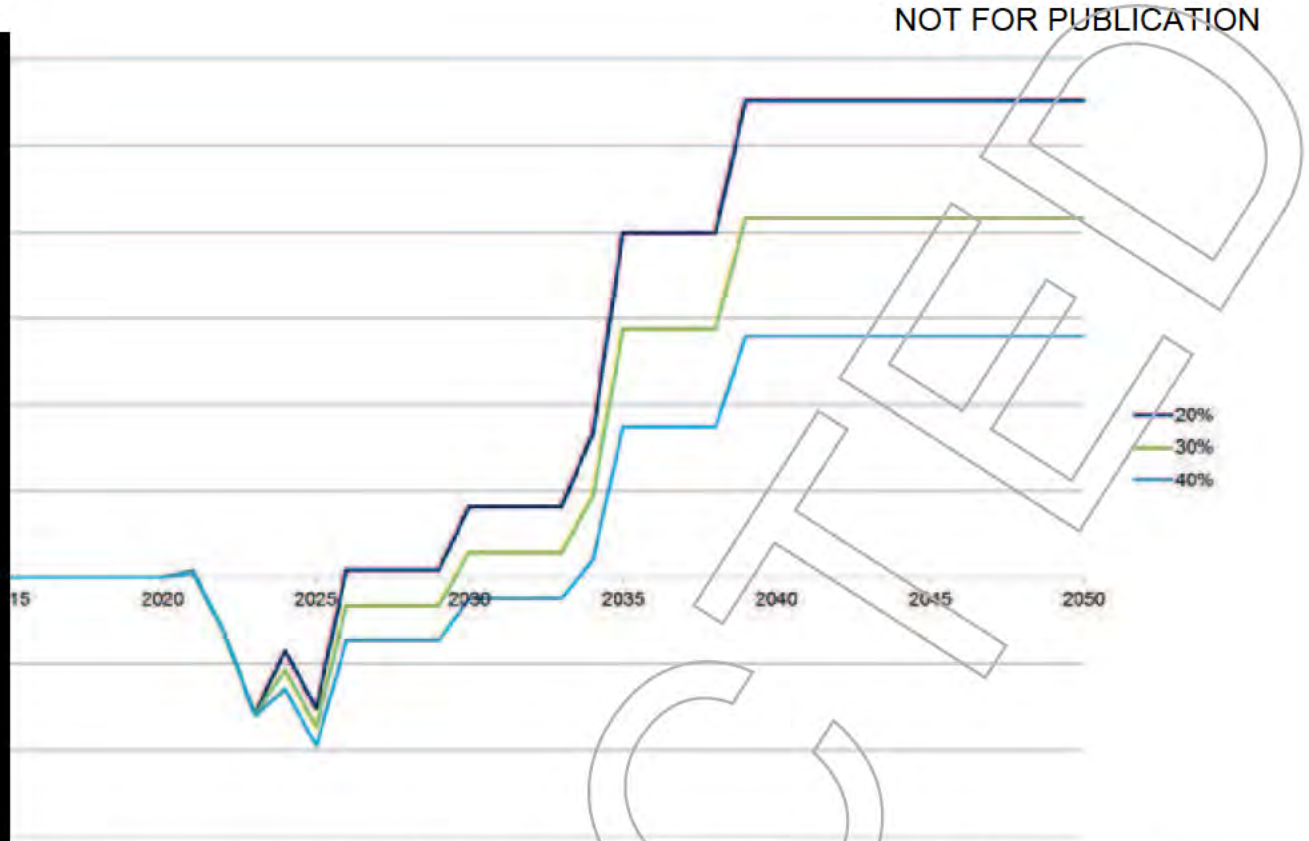


FIGURE 23: Public sector land receipts (Nominal) but net of HS2 OSD and Depots

3. *New Homes Bonus (NHB)*: NHB is a grant paid by central government to local Councils for increasing the numbers of homes. Currently this funding would go direct to the local Councils. There is an opportunity to consider how NHB funding could play a role in supporting the comprehensive regeneration and long term management of the area as part of the wider funding and financing package.

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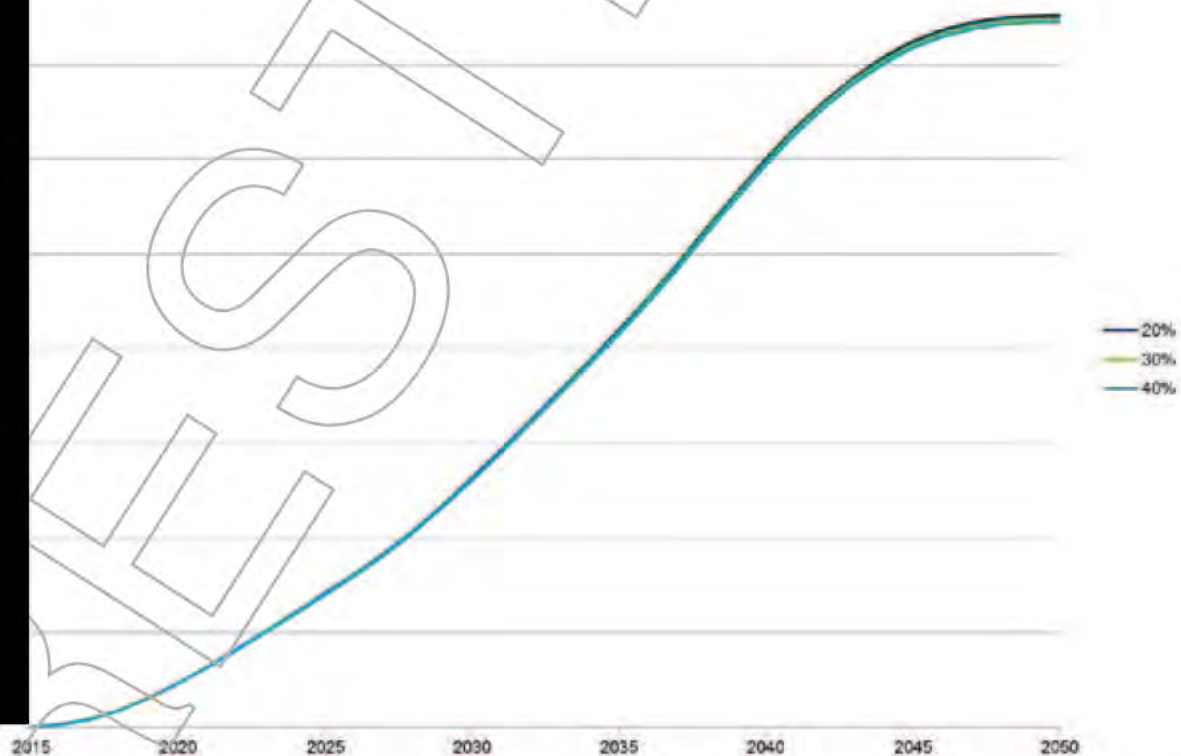


FIGURE 24: New Homes Bonus receipts (Nominal)

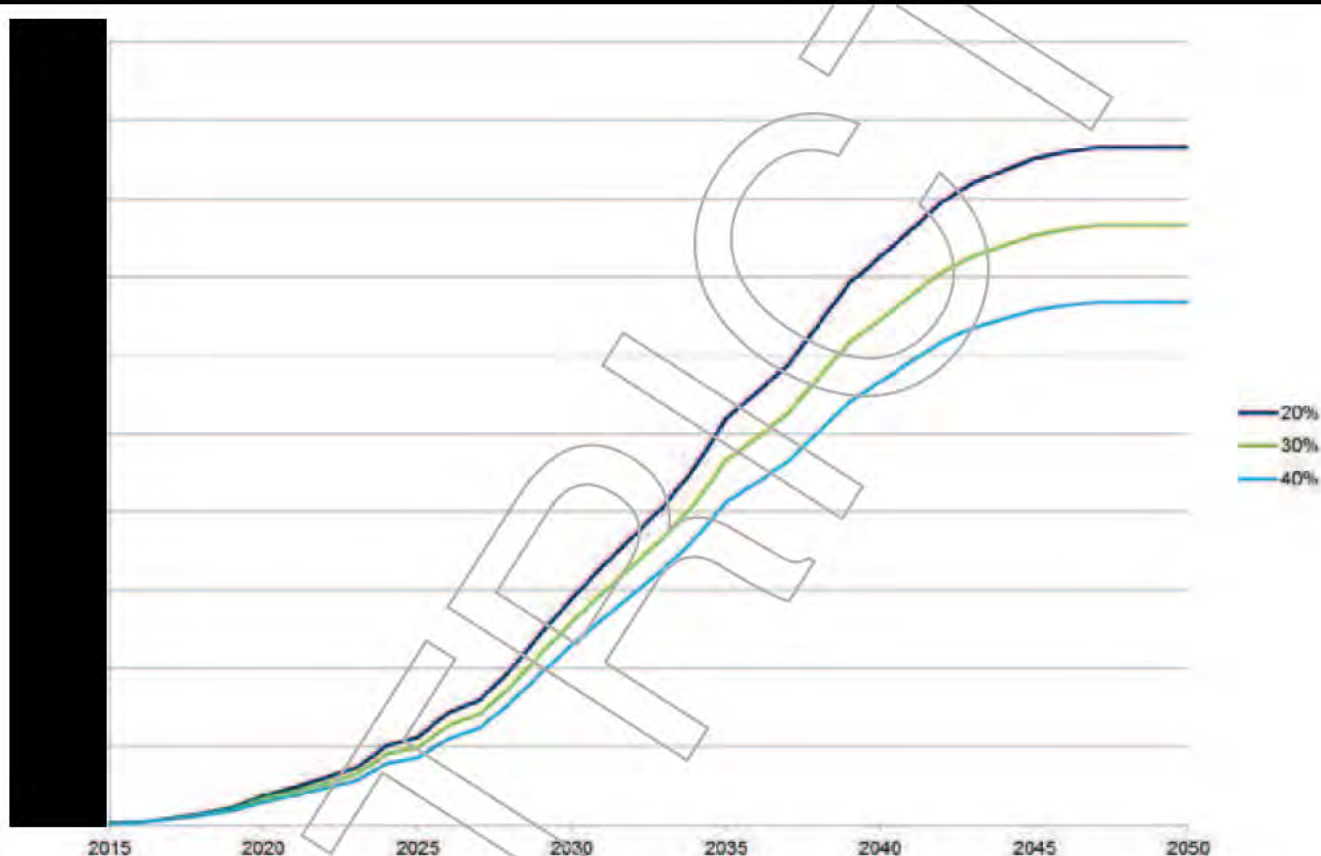


FIGURE 25: Nominal Stamp Duty receipts at different levels of affordable housing

5. *Transport for London (TfL)*: GLA/OPDC will continue to work closely with TfL to consider the role of TfL in contributing to the delivery of new transport infrastructure at Old Oak and Park Royal as part of the TfL business plan. Contributions could go towards new London Overground stations at Old Oak Lane and Hythe Road and improved stations at North Acton and Willesden Junction as well as new bus, cycle, pedestrian and taxi infrastructure.

6. *Affordable housing grant*: There will be opportunities to secure affordable housing funding from GLA/HCA (i.e. potentially via a new Housing Zone or some other mechanism). More detailed discussion on affordable housing grant will take place as part of OPDC governance and working panels.

Figure 26 below provides a summary of all projected receipts but excludes land receipts. This serves to demonstrate the importance of capturing business rate receipts at Old Oak as it is a significant generator of revenue.

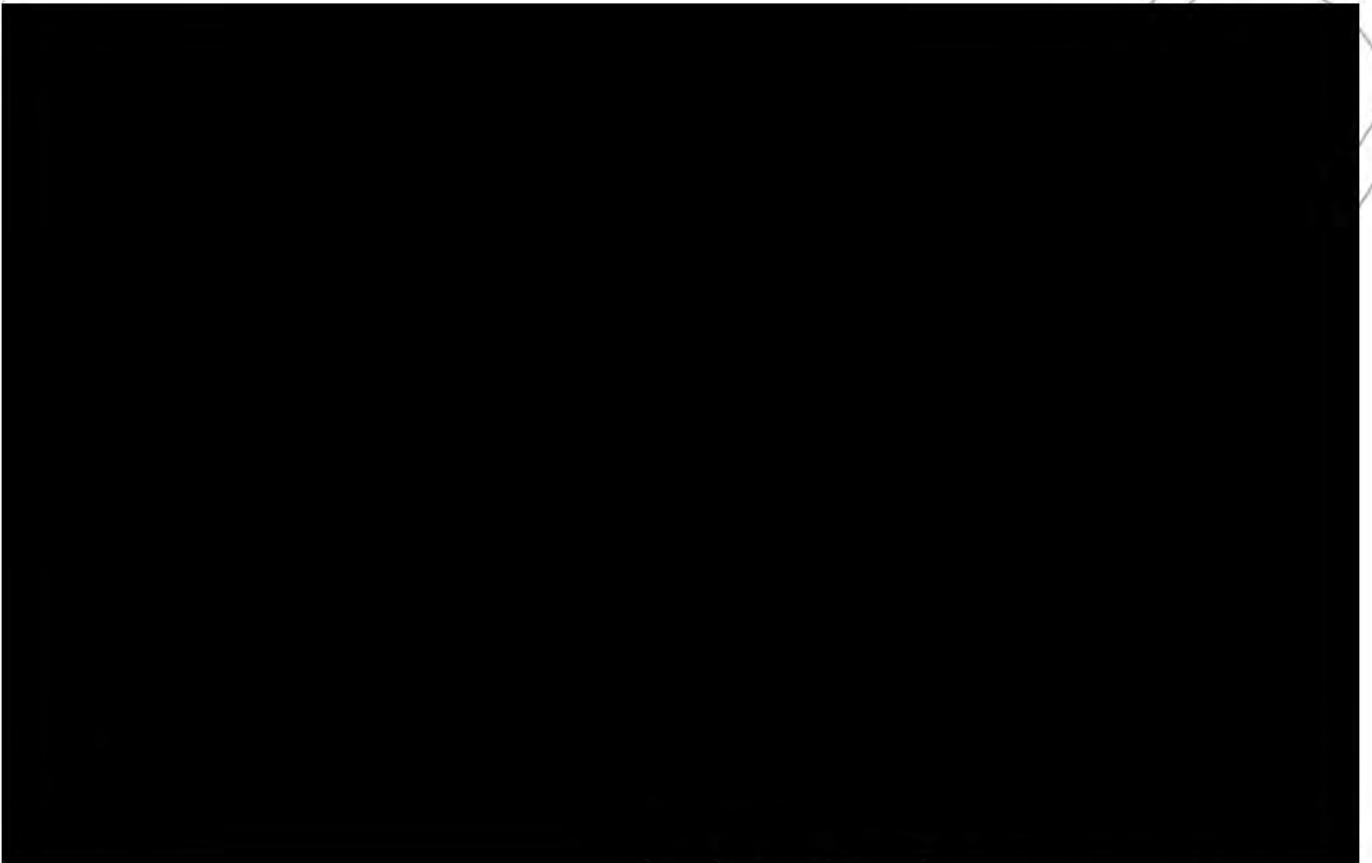


FIGURE 26: Summary of receipts excluding land receipts.

3.4 A FUNDING AND FINANCING PROPOSAL FOR OLD OAK AND PARK ROYAL

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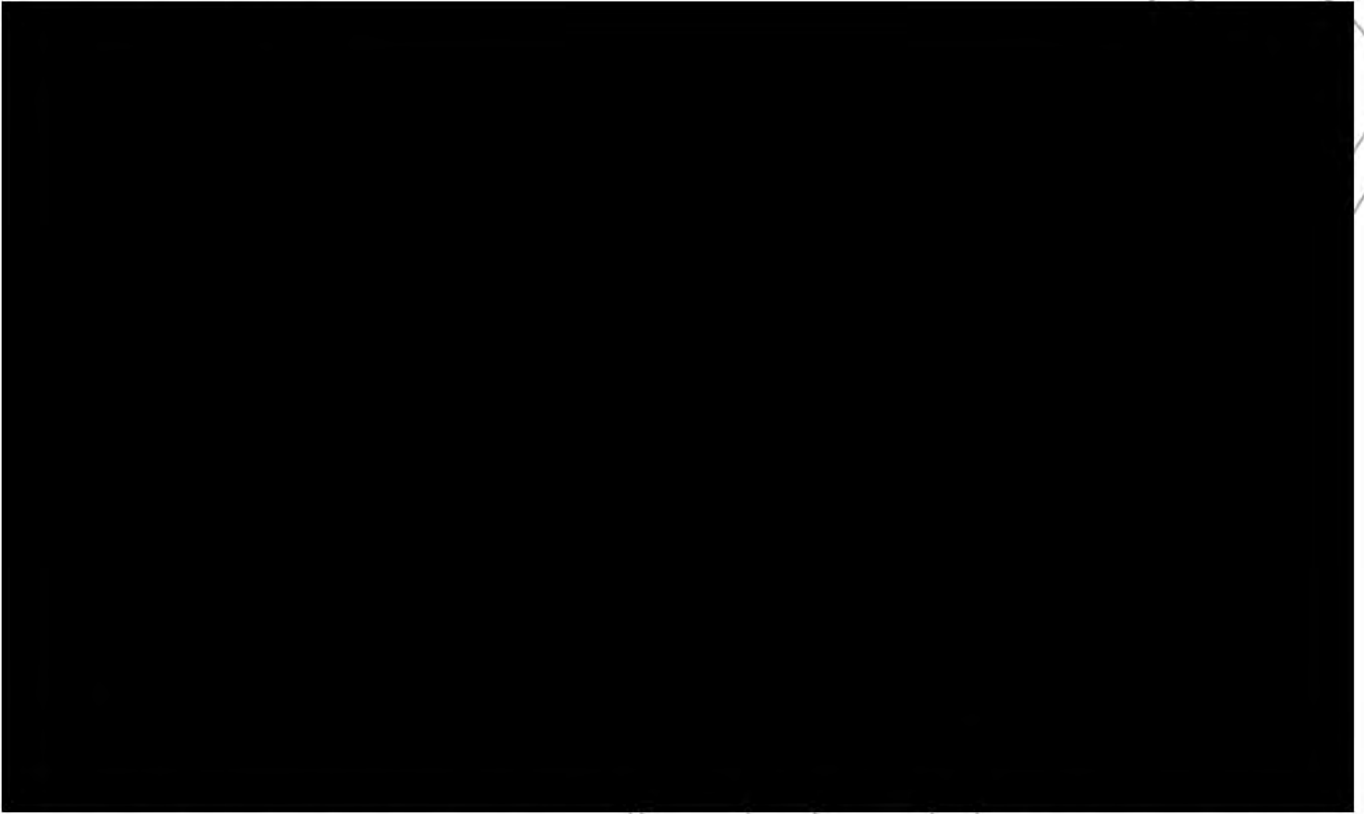


FIGURE 27: Infrastructure costs less identified funding illustrates gross funding gap the depot and OSD costs excluded (figures are nominal and include optimism bias)

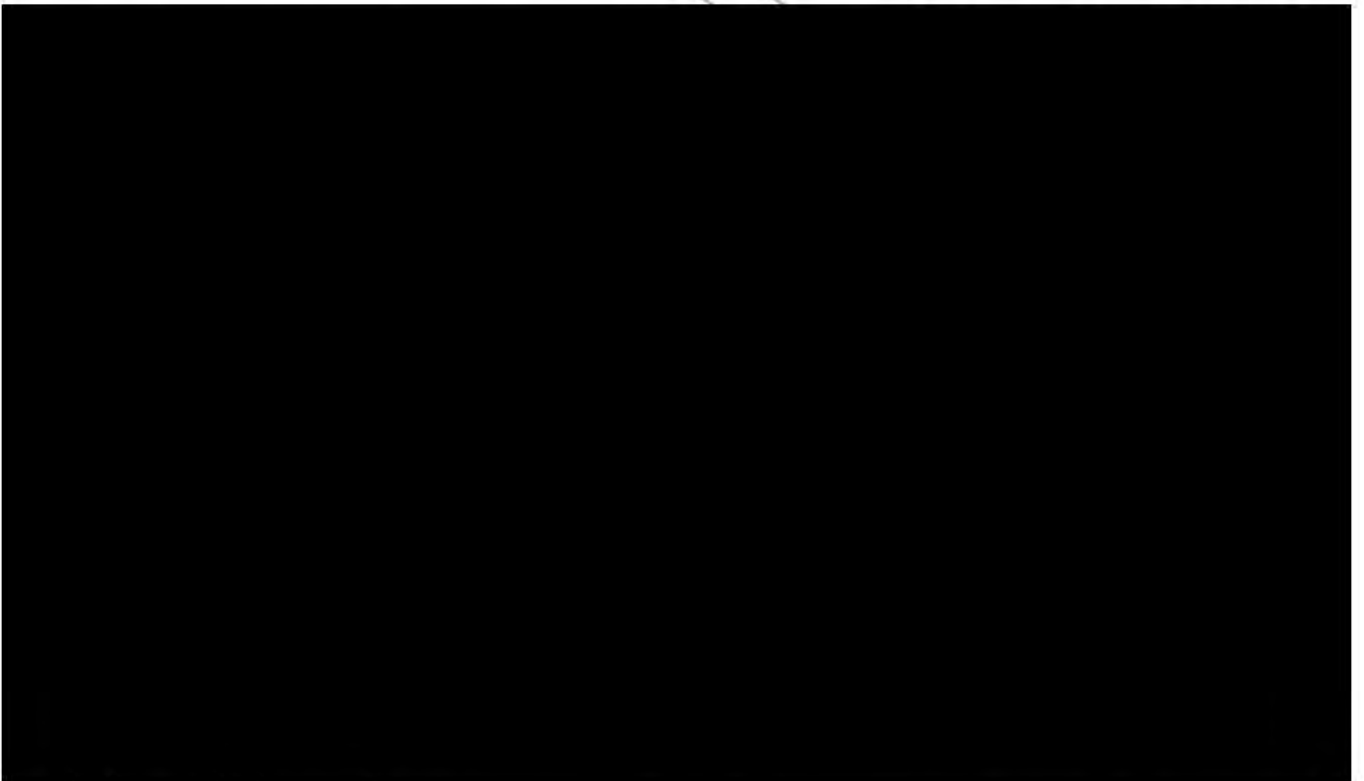


FIGURE 28: Growth Strategy Grant Funding and New Homes Bonus proposed to plug the gap for infrastructure funding (figures are nominal and include optimism bias).

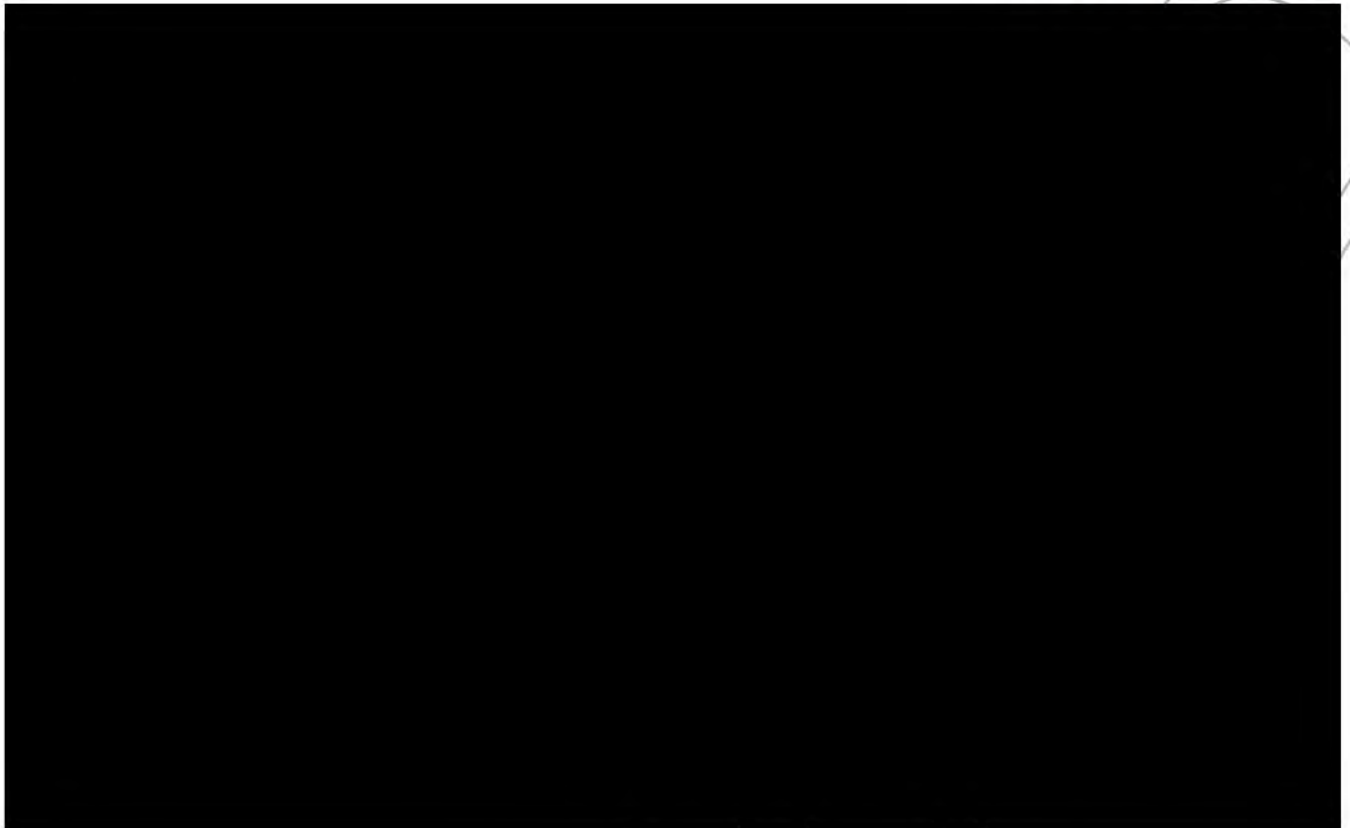


FIGURE 29: Borrowing options to deliver the Depots and OSD abnormal costs

Figure 29 includes the abnormal costs associated with unlocking the HS2 OSD sites and the depots and sidings, these figures are represented as nominal figure including optimism bias. The chart shows that there is a peak funding/borrowing

£m		Real (Ex Op Bias)	Nominal (Ex Op Bias)	Real (Inc Op Bias)	Nominal (Inc Op Bias)
REVENUES (Direct & Indirect)	Utilities MUSCO				
	Developers (CIL)				
	Public Land Receipts				
	New Homes Bonus				
	Business Rates				
	SDLT				
	Transport Farebox				
	TOTAL REVENUES				
COSTS	Infrastructure (Publicly Delivered)				
	OSD & Depot Costs				
	Housing Grant Payments				
	TOTAL COSTS				
	NET POSITION				
Funding & Finance Sources	HS2 Funded Infrastructure				
	GLA Affordable Housing Grant				
	Growth Strategy Grant				
	Peak Land Devt. Borrowing Req.*				
	Peak TfL Peak Borrowing Req.*				

FIGURE 30: Costs, revenues and funding sources summary



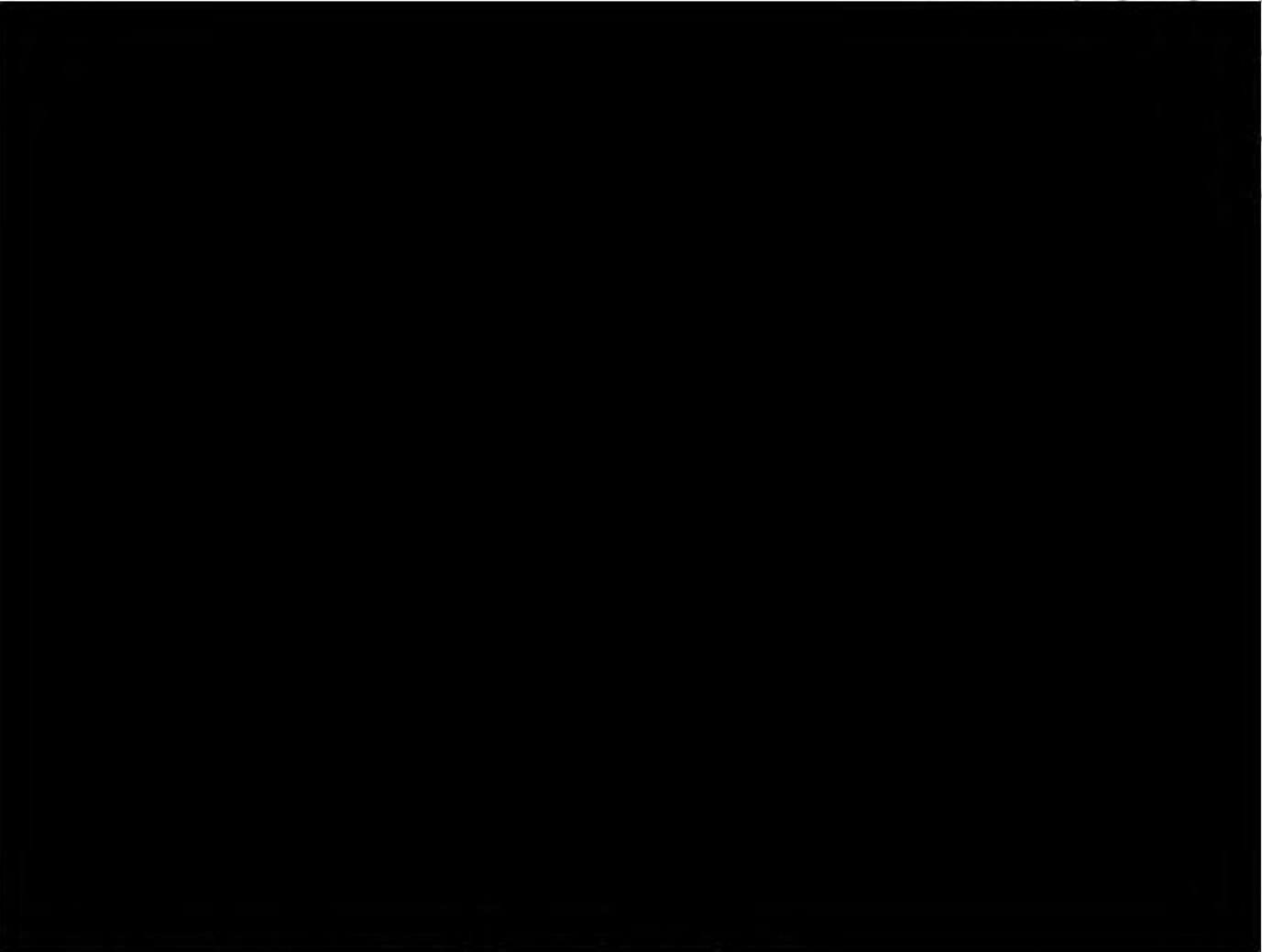
This figure also sets out the costs at real and nominal levels both including and excluding optimism bias.

The case for government intervention is justified when there is persistent market failure in the reference case and which leads to a sub-optimal outcome for society and the economy. In this instance, market failure persists because private developers are not incentivised to collectively develop the Old Oak Common site in the most optimal way (coordination failure). Instead rather they maximise individual benefits rather than total benefits. Market failure will also persist because plots will remain undeveloped due to zoning restrictions, long leases or public sector ownership. Further, due to the costs and long-time horizons involved, private sector developers are likely to face credit constraints in financing such a development.

The consequences of this market failure will be that society fails to fully capture the economic benefits of HS2 and Crossrail – there are ‘lost’ jobs and GVA and wider agglomeration effects are not enjoyed. The public sector is well placed to address these market failures as it can act as a central planner to reach a more optimal allocation of land use, it can overcome zoning and planning restrictions, infrastructure delivery and does not face credit constraints.

The figures in this section show:

- The importance of securing control of the public sector at Old Oak and managing its design, release and development in a coordinated way that generates maximum value for the public sector and the wider economy. This needs to be done in a coordinated way and through a direct delivery body (such as LCR/NR) working in collaboration with OPDC.
- Private development will not be able to deliver all infrastructure requirements at Old Oak and even with projected market growth there is still a funding gap in particular in the early years. This serves to highlight the importance of additional direct funding from the public sector including; TfL, GLA, the local Councils and central Government.
- There is a need to carefully consider the role of alternative financing options including; business rate receipts, stamp duty capture and new homes bonus in securing both the delivery and the long term management of this area



SUPPORTING SKILLS AND TRAINING

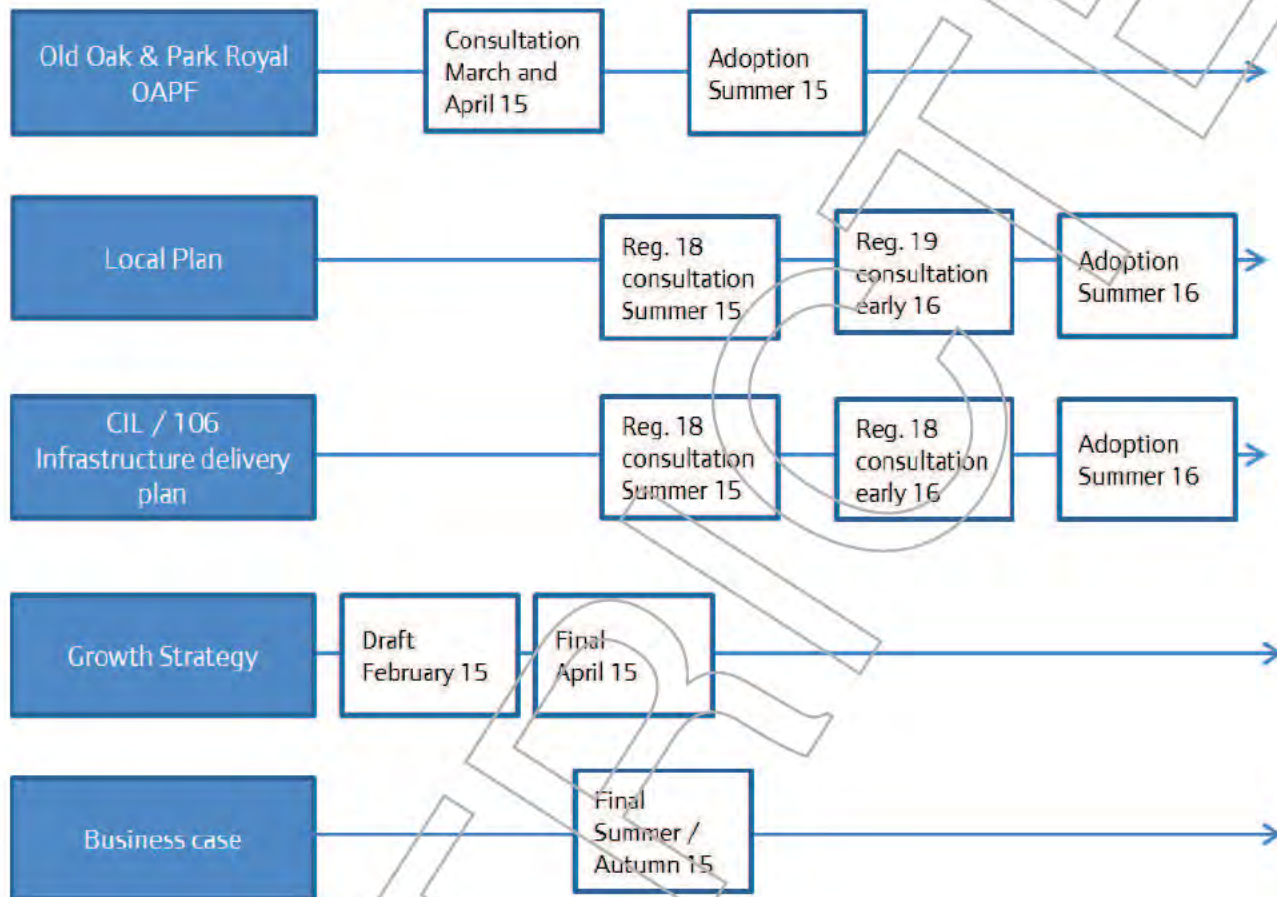
Maximising access to skills, training and employment opportunities is critical for local people. OPDC is keen to secure a spoke of the HS2 'hub and spoke' approach to skills and training. Ideally this would involve the physical delivery of a new learning centre at Old Oak. Alternatively there is an opportunity for HS2 to tap into existing Further Education facilities in the area. This is important to ensure that local people are given the opportunities to train and learn how help deliver and operate the rail line and associated infrastructure but also on the longer term construction of Old Oak and also the employment opportunities generated.

In addition, it is important that local businesses in Old Oak, Park Royal and the wider area are given the skills, training and support to be able to benefit from future contracts across the core development of Old Oak.



4. NEXT STEPS

A suite of evidence on planning, delivery and financing is being prepared to support this work and a timetable for this work is set out below;





OPDC
OLD OAK AND
PARK ROYAL
DEVELOPMENT
CORPORATION

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