

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD3063

Title: Old Oak and Park Royal Development Corporation Supplementary Budget 2022-23

Executive Summary:

This decision seeks Mayoral approval for the provision of a supplementary budget of up to £1m for the Old Oak and Park Royal Development Corporation (OPDC) to support the Corporation as it gears up towards delivery of its Old Oak West strategy.

OPDC's budget for 2022-23 was set prior to receiving confirmation that its Strategic Outline Business Case (SOC) to government had been approved, so contained provision only for its core activities and not to develop the full work programme for the next stage of work to both start early delivery and to deliver a detailed Outline Business Case (OBC).

The GLA agreed that OPDC's budget would be kept under review and revisited in light of a successful outcome. Subsequently, following discussions with the Mayor and Chief of Staff, the provision of a supplementary budget of up to £1m funded from the Mayoral Development Corporation (MDC) Reserve, from previous OPDC underspends, to support the Corporation is proposed to be approved.

Decision:

The Mayor approves:

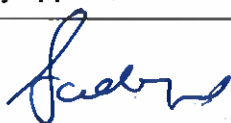
1. supplementary revenue grant funding to the Old Oak and Park Royal Development Corporation of up to £1m in 2022-23 under section 121 of the GLA Act 1999 to support the Corporation start early delivery of its programme and to deliver a detailed Outline Business Case, to be funded from the MDC Reserve.

Mayor of London

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

The above request has my approval.

Signature:



Date:

5/12/22

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

Decision required – supporting report

1. Introduction and background

- 1.1. A new HS2 station will open in Old Oak Common (OOC) in around 2030 with High Speed, Great Western Railway (GWR) and Elizabeth Line services, bringing unrivalled connectivity into one of the London Plan's largest Opportunity Areas. This opportunity, unlocked by the major public investment in HS2, must maximise economic, housing, and regeneration outcomes doing so in a way that supports a transition to net-zero carbon economy.
- 1.2. A Strategic Outline Business Case (SOC) created by OPDC was approved in April 2022 by both the Department for Transport (DfT) and the Department for Levelling Up, Homes and Communities (DLUHC) to drive forward the opportunity around the HS2 station, in the area described as Old Oak West (OOW).
- 1.3. By using large-scale, public sector brownfield land assets at Old Oak, OOW offers the possibility to construct a new London district, on a scale comparable with King's Cross and Canary Wharf. It will be a mixed-use residential and economic hub in west London with c.9,100 new homes, 2.5 million sq. ft of commercial space and will generate c.35,000 jobs; with direct, high-speed connectivity to central London, Heathrow, Birmingham, and other major UK cities. The full benefits can only be unlocked by providing strategic infrastructure including local station capacity upgrades, public realm enhancements, new roads, bridges, pedestrian and cycle routes, and crucially by assembling the necessary land for joined up and coordinated delivery at pace. The Old Oak West project will also catalyse wider regeneration within the Old Oak and Park Royal areas, spurring private sector investment to deliver the Opportunity Area's overall long-term capacity of 25,500 additional new homes, and 56,500 new jobs.
- 1.4. The government and the statutory Old Oak and Park Royal Development Corporation (OPDC) are in a strong position to deliver this opportunity: 80 per cent of the developable land in the area is in public sector control (Department for Transport, via its arm's-length bodies: High Speed 2 Ltd and Network Rail), and OPDC has planning and regeneration powers with a mandate and capability to bring regeneration forward.
- 1.5. Recent engagement with several leading private sector regeneration businesses confirms that this is an extremely attractive 'master developer' investment proposition, subject to the public sector assembling its land interests into a collective whole.
- 1.6. OPDC is working in partnership with Homes England, DfT and DLUHC to create a jointly-owned Outline Business Case to agree how public sector land is brought together into one comprehensive scheme to deliver the benefits outlined above, and how the scheme can be delivered. Work is now beginning to move into both the early delivery phase and the delivery of the detailed business case.
- 1.7. As such, additional funding is required to ensure that a robust and detailed OBC can be created and early delivery can be scoped. It is proposed that this grant is drawn-down by OPDC to support this work programme, and that the Mayor's Chief of Staff, Executive Director of Resources and Assistant Director Group Finance & Performance are consulted on this draw-down as part of the regular monitoring and reporting cycle.

2. Objectives and expected outcomes

- 2.1. The additional funding will support the delivery of OPDC's strategy for OOW, which is designed to realise the new homes, jobs and wider regeneration benefits set out above. It will support the

promotion of economic development and wealth creation, social development and the improvement of the environment within the OPDC area.

3. Equality comments

- 3.1. Under section 149 of the Equality Act 2010 (the "Equality Act"), as a public authority, the GLA must have 'due regard' to the need to eliminate unlawful discrimination, harassment and victimisation, and to advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not. Protected characteristics under the Equality Act comprise age, disability, gender re-assignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation and marriage or civil partnership status.
- 3.2. When considering the needs of the existing community and those that will be affected by the proposals for the redevelopment of Old Oak West, any resulting development activity will seek to minimise disadvantages to all protected characteristic groups. An equalities impact assessment will be carried out for any proposed developments and will also be part of the OBC.
- 3.3. This decision is not expected to have any negative impact on persons with a protected characteristic under the Equality Act.

4. Other considerations

Key risks and issues

- 4.1. The key risk of not providing additional funding is highlighted in the table below:

<i>Description</i>	<i>Mitigating actions</i>	<i>RAG rating</i>
Without additional funding, OPDC will not be able to deliver the OBC in the time scales and with the level of detail required, leading to the loss of the opportunity to deliver a comprehensive regeneration scheme which aligns to the HS2 station opening	Delivery of the OBC could be phased over a longer time and/or with less detail, but this would risk missing the window of opportunity for delivery, or lead to a business case without the needed technical rigour and detail needed	Red

Links to Mayoral strategies and priorities

4.2. The table below highlights links to key Mayoral strategies and priorities:

<i>Document</i>	<i>Strategic fit</i>
London Housing Strategy	<ul style="list-style-type: none">- Identifying and bringing forward more land for housing- Ensuring homes are genuinely affordable- Working towards half of new homes being affordable
London Plan	<ul style="list-style-type: none">- Old Oak and Park Royal Opportunity Area- Optimising density in sustainable locations- Development on brownfield public land
Affordable Housing & Viability Supplementary Planning Guidance	<ul style="list-style-type: none">- 50 per cent affordable housing on public land- OPDC strategic target of 50% affordable housing- Potential for Build to Rent- An interventionist approach to the land market and housing delivery
Covid-19 Recovery Programme	<ul style="list-style-type: none">- Economic recovery- Improved health outcomes through quality housing
Equality and Diversity	<ul style="list-style-type: none">- Promoting diversity in the supply chain via contractual terms

Impact assessment and consultations

4.3. Homes England, other housing professionals in the GLA Group (including LLDC, TfL and the GLA's Housing and Land Team) have all contributed to a review of OPDC's proposals and have agreed to collaborate to ensure efficiencies wherever possible.

5. Financial comments

- 5.1. Supplementary grant funding for OPDC of up to £1m in 2022-23 will be funded from the GLA's MDC Reserve. If approved this will increase OPDC's 2022-23 Budget to £7.8m.
- 5.2. The GLA will pay OPDC a revenue grant, as this income source can be applied as necessary to finance capital expenditure where appropriate.
- 5.3. Funding for OPDC's future year budgets will be approved as part of the 2023-24 budget setting process.

6. Legal comments

- 6.1. Under section 121(1) of the GLA Act the GLA can make grants towards meeting revenue expenditure (i.e, expenditure other than capital expenditure) incurred or to be incurred by OPDC for

the purposes of, or in connection with, the discharge of the functions of that body. The activities to be supported by the proposed £1m grant all fall within the OPDC's objects and powers under section 201 of the Localism Act 2011.

- 6.2. Under section 121(3) of the GLA Act a revenue grant must not be made subject to any limitation in respect of the expenditure which it may be applied towards meeting, except that the expenditure must be revenue expenditure.

7. Planned delivery approach and next steps

- 7.1. OPDC has set out in its management plan four key steps to delivering its Old Oak West Strategy. These steps and the next steps to deliver them are set out below.

<i>The four steps</i>	<i>Next steps</i>
Step 1. Adopt our Local Plan to support Old Oak and Park Royal's development and regeneration	<p>Effective implementation of the Local Plan, by preparing and publishing a suite of supplementary guidance including an Old Oak West SPD.</p> <p>Taking applications for at least 2,000 homes and 10,000 sqm of industrial/employment space on early development sites to Planning Committee, by March 2023, contributing to the area's London Plan targets.</p>
Step 2. Reach an agreement with government and its transport bodies to coordinate the key public sector land holdings	<p>Continue to work with government colleagues to deliver an OBC. Deliver a draft OBC for approval, currently planned by Spring/Summer 2023.</p> <p>Develop and refine OPDC's Western Lands scheme through preparing a regeneration strategy (planned by Summer 2023-24) detailing the approach to public realm, spatial layout, social and physical infrastructure.</p> <p>The regeneration strategy will be developed with input from the community and stakeholders, creating an opportunity for significant public engagement throughout its creation, starting December 2022. The regeneration strategy will also inform and support the development of the Old Oak West SPD, through close working with OPDC's Planning Directorate.</p>
Step 3. Secure infrastructure and enabling funding	<p>Deliver Land Fund objectives by progressing selected early-win sites for acquisition to either an 'offer' stage or signed exclusivity/arrangements with vendors to enable develop partner procurement to deliver first tranche of start on sites in-line with contract milestones.</p>
Step 4. Procure an investment and delivery partner	<p>Continuing to actively engage with the market and beginning formal development partner procurement, subject to securing an agreement to coordinate government landholdings.</p>

Appendices and supporting papers:

OPDC management plan 2022/23:

<https://www.london.gov.uk/moderngovopdc/documents/s60204/06.2%20Appendix%20%20-%20Management%20Plan.pdf>

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after it has been approved or on the defer date.

Part 1 - Deferral

Is the publication of Part 1 of this approval to be deferred? NO

Part 2 – Sensitive information

Only the facts or advice that would be exempt from disclosure under FoIA should be included in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – NO

ORIGINATING OFFICER DECLARATION:

Drafting officer
to confirm the
following (✓)

Drafting officer:

Ray Smith has drafted this report in accordance with GLA procedures and confirms the following:

✓

Sponsoring Director:

David Gallie has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

David Bellamy has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

Corporate Investment Board

This decision was considered by the Corporate Investment Board on 21 November 2022.

✓

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature:

Date:

23/11/2022

D. Gove

CHIEF OF STAFF:

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

Signature:

Date:

19/11/2022

D. Bellamy

