



Ministry of Housing,  
Communities &  
Local Government

**Ministry of Housing, Communities and Local  
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09 April 2019

Dear David,

**Housing Infrastructure Fund, Forward Funding bid Old Oak – Delivering  
London's Largest Opportunity Area (HIF/FF/356)**

Further to [REDACTED] letter dated 18 March 2019, in which he congratulated the Greater London Authority on the successful £250 million 'Old Oak – Delivering London's Largest Opportunity Area' Housing Infrastructure Fund Forward Funding bid, I am pleased to now be able to notify you of the conditions referred to in that letter.

We will work with you and your team over the coming weeks and months to progress this scheme through further due diligence and into contract. As part of the contract, you will need to agree to a set of funding conditions. These include both standard conditions for all Forward Funding schemes, and bespoke conditions for each project. In addition, you will need to sign up to an Assurance Framework, which will be proportionate for the size and complexity of this scheme. A list of the key standard and bespoke conditions for your scheme is included at Annex A.

Thank you for leading housing growth in this area and I look forward to hearing of the progress being made. Should you wish to discuss this further [REDACTED]  
[REDACTED] would be delighted to speak to you.

Yours sincerely,

[REDACTED]

[REDACTED]

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## **Annex A: Summary of Key Conditions for Old Oak – Delivering London’s Largest Opportunity Area (HIF/FF/356)**

### **Standard Forward Funding conditions**

- a. The money is to be spent on capital related to the project;
- b. The scheme will deliver by an agreed date. Otherwise, the Ministry of Housing, Communities and Local Government can recover funding;
- c. Any costs saved or recovered are retained by the local authority and to be used for further housing delivery; and
- d. The Local Authority will assure Government on delivery through proportionate regular reporting on progress

### **Bespoke conditions for bid Old Oak – Delivering London’s Largest Opportunity Area (HIF/FF/356)**

#### **Conditions:**

1. Mayoral Commitment: Evidence of the conditions and quantum of the Mayoral commitment to increase the operational budget of OPDC to ensure it can deliver the agreed OON programme.
2. GLA £35m Loan Confirmation: Written confirmation from the GLA that £35m cash flow support will be allocated and any additional funding requirements necessary as a result of delayed land receipts will be met through further loan funding.
3. Other public funding confirmation: 1) written confirmation and evidence that each individual source of public funding is secured and 2) live cashflow to be provided, to enable further analysis and interrogation of the £250m investment.
4. Further due diligence being undertaken in the following areas to provide appropriate assurance:
  - Residential sales values applied to the appraisal.
  - Growth rates, especially a ‘no growth’ model to assess the ‘base case’ scenario.
  - Land receipts and the strategy for recycling these receipts, to identify if the strategy is appropriate and the extent to which OPDC has measures in place to mitigate the risks.
  - Scenario testing a delay to land receipts to understand the impact on viability/funding gap.
  - Assessing the appetite of the private sector to deliver infrastructure of the scale proposed and potential for securing the amount of borrowing required to deliver Phase 1B.
5. [REDACTED] Land Transfer: Written in principle agreement from [REDACTED] to transfer its land to OPDC and confirmation the site will not be sold to the private sector.

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6. [REDACTED]: Evidence there is a completed agreement with [REDACTED] in place, under which OPDC can draw down land in agreed phases and at an agreed EUV, with agreed overage provisions.
7. CPO Strategy: An advanced strategy for the CPO, including for the [REDACTED] site in case this doesn't come forward, to be provided that reflects the risks to the project timetable and costs and shows mitigation steps to be put in place.
8. CPO Documentation: Evidence to be provided that the CPO documents (draft CPO; CPO plan; CPO schedule; details of interests to be acquired and Statement of Reasons) are in place.
9. Securing [REDACTED] Site: Evidence that an acceptable solution has been reached that either secures commitment from [REDACTED] to bring forward its scheme at an acceptable pace and quality, or that enables OPDC to control the delivery of the development by securing the acquisition of the land through negotiation if possible, but with a CPO in place to acquire all of the [REDACTED] land should this be required.
10. Develop [REDACTED] Engagement Strategy: Evidence the GLA/OPDC have developed an acceptable strategy for engagement with [REDACTED] which includes exploring whether there are options to review the [REDACTED] scheme so that infrastructure funding is more likely to be provided by the private sector.
11. Further due diligence being undertaken in the following areas to provide appropriate assurance:
  - History and current status of the negotiations/reasonable efforts made to acquire the land that may be subject to a CPO on a site-by-site.
  - The Property Cost Estimate: provision of the Full PCE to satisfy Homes England (following Homes England undertaking due diligence on the PCE) that the £186m estimate for Phase 1A is appropriate.
12. Contamination: Evidence that further due diligence, including intrusive ground investigations, have been undertaken to establish the presence of contamination and any remediation works required, including assessing the cost and programme implications of remediation.
13. Utility Consents: Evidence that all statutory / utilities consents that are required in order to deliver the infrastructure works are secured or agreed in principle.
14. Local Plan Adoption: Following 'Examination in Public', the Local Plan is adopted in substantially the same form and with substantially the same policies as set out in Regulation 19 draft Local Plan.
15. Securing Planning Permission: An implementable planning permission for the strategic infrastructure is secured
16. Procurement Strategy: Provide OPDC's procurement strategy for its master development partner for review.

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18. Risk Register: Provision of a comprehensive quantified risk register for the scheme that details risks, likelihood, impact, mitigation actions and owners. Risk Register to evidence sufficient contingency is in place.
19. State Aid: Evidence to be provided that independent State Aid advice has been sought and that the transaction complies with State Aid requirements.
20. Formation of OON Programme Board: Evidence that the Old Oak North (OON) Programme Board has been established and is fully operational.
21. Further due diligence being undertaken in the following areas to provide appropriate level of assurance:
  - Scale and structure of OPDC's enlarged establishment.
  - Further review of OPDC's assessment of infrastructure costs by an infrastructure Cost Consultant
  - Programme milestones and dependencies so that the impacts of the risk described in the business case are fully tested and the risk reflected in the programme
  - Further review of OPDC's assumptions on the infrastructure lead-in and delivery timescales by infrastructure consultants.
  - OPDC's approach for controlling the delivery of quality and pace of housing in the development agreement.

#### Transport Impacts

22. Further demonstrate that adverse impacts on the transport network have been identified, assessed and mitigated and that the solutions proposed are appropriate to meet the aims of the scheme.
23. Provide the transport modelling and an assessment of the relevant impacts as is set out in the 'HIF Forward Funding business case guidance'.

*The list above represents the list of key bespoke conditions attached to the funding allocation for this scheme. The wording of these will be refined during the contract development process. This list is not necessarily exhaustive, and additional conditions may be required which will be identified during the close out of due diligence and the development of the contract.*