

Appendix 17: Old Oak West OBC Regeneration Capabilities

Old Oak West OBC | Version 2: Revised December 2023

OPDC
OLD OAK AND
PARK ROYAL
DEVELOPMENT
CORPORATION



Homes
England



Department
for Transport



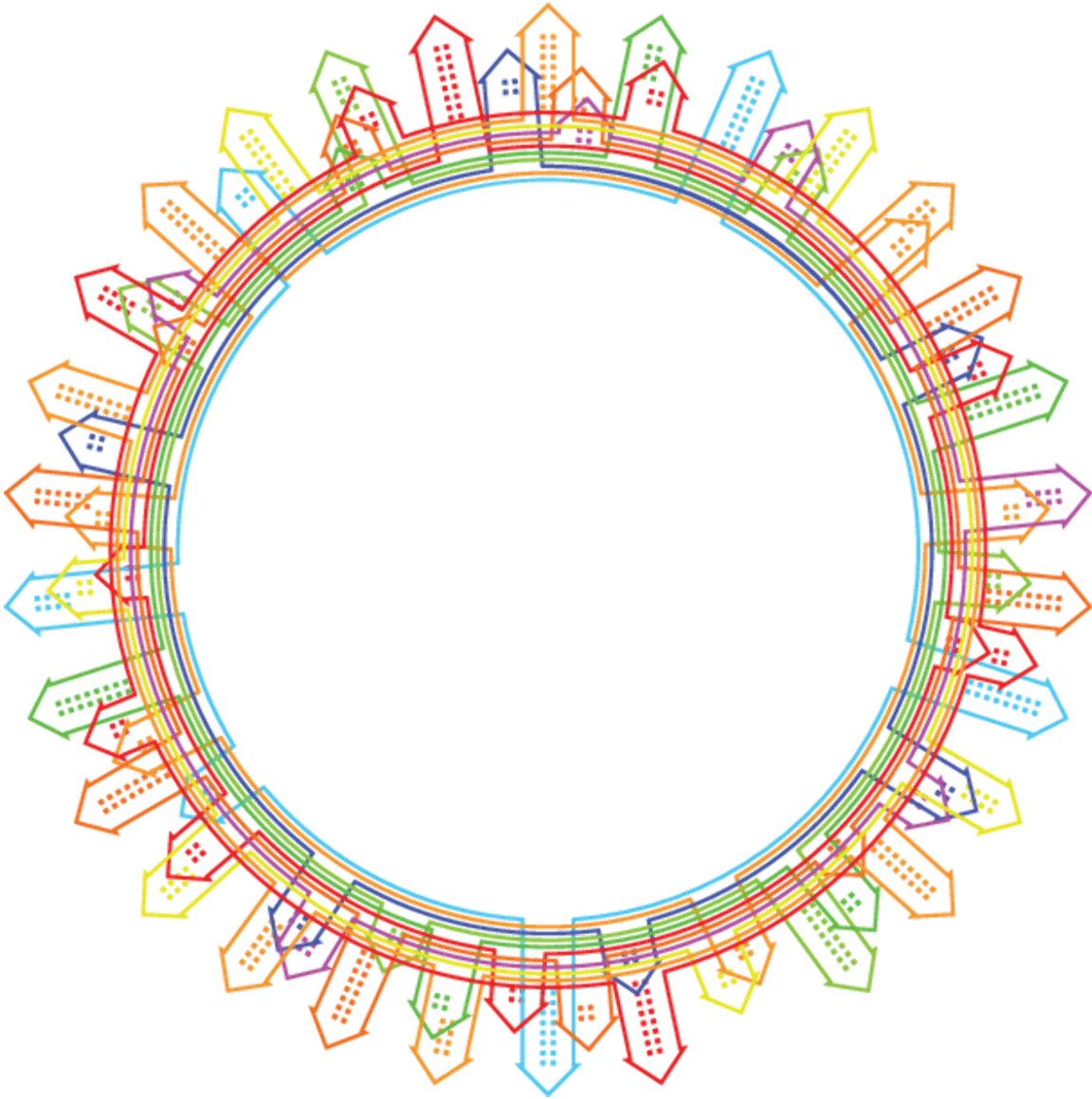
Department for Levelling Up,
Housing & Communities



Appendix 17 Old Old West OBC Regeneration Capabilities

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Old Oak West OBC: Appendix 17 Regeneration Capabilities – a briefing paper

Old Oak & Park Royal Development Corporation, July 2023

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31 July 2023

Our Ref: Old Oak West – Regeneration Capabilities – Final Report

Project: Old Oak West Strategic Development Advisor – Regeneration Capabilities – a briefing paper ("the Project")

We enclose our Report ("the **Report**") dated 31 July 2023 which has been prepared for the sole purpose of assisting OPDC with our Workstream Scope ("the **Scope**") dated 31st July 2023. The Scope provides further detail on OPDC's requirements and serves in addition to the Call-off Contract between OPDC and Deloitte LLP dated 7th November 2022 (the "**Contract**"). This sets out the scope of our work, sources of information and the limitation of the work undertaken. For the purposes of this Report, we have assumed that any information disclosed to us is reliable and complete and therefore has not been verified.

The Report is a briefing paper for OPDC set out as follows:

- Section 1 introduces its purpose;
- Section 2 covers the background context for the OLD OAK WEST operating model;
- Section 3 describes the features of urban regeneration that the OLD OAK WEST operating model must address;
- Section 4 outlines the capabilities of a regeneration delivery agent;
- Section 5 gives examples of delivery models and learning from comparator programmes; and
- Section 6 comments on how the OLD OAK WEST operating model will need to evolve through its delivery phases.

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Yours sincerely,



Deloitte LLP

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1. Purpose of this paper

The Old Oak and Park Royal Development Corporation (OPDC) is establishing a professional team to lead the delivery of the regeneration programme at Old Oak West. This team has been emerging over recent months during the preparation phase for submission of the Old Oak West Outline Business Case (OBC). Upon approval of the OBC, OPDC will advance to the implementation of its Old Oak West operating model for the next phase of the programme.

In developing its operating model, OPDC has identified the organisational capabilities that will be required for Old Oak West to be delivered successfully. These draw on the characteristics of the Old Oak West programme, leading practice examples adopted on other successful regeneration programmes and a recognition that the operating model will necessarily have to adapt to different phases of the Old Oak West programme over the medium and longer term.

This paper is not a review or assurance of OPDC or the Old Oak West operating model, but a high-level commentary on typical regeneration capabilities that will be needed for Old Oak West over time as the programme evolves. It summarises:

- The background context for the Old Oak West operating model;
- The features of urban regeneration that the Old Oak West operating model must address;
- The capabilities of a regeneration delivery agent that are required for success;
- Examples of delivery models and learning from comparator programmes; and
- How the Old Oak West operating model will need to mature and transition through its delivery phases.

2. OPDC operating model context

OPDC has developed its Old Oak West operating model to address the specific requirements of the Old Oak West programme. Whilst not a new public sector arms-length body, the Old Oak West organisation structure is designed to operate both within the OPDC corporate governance and oversight arrangements whilst also presenting a clear, single point of accountability to external partners and stakeholders. The Old Oak West operating model structure and its proposed ways of working take into account good practice set out in The Cabinet Office guidance on the creation of new arms-length bodies, in particular accountabilities, governance arrangements, delegations to officers and delivering the activities in the Old Oak West plan.

Major complex urban regeneration in the UK (and in Europe and the US) has a long history of using dedicated delivery bodies to successfully bring together focus, specialist skills, credibility with the private sector investors and local communities, and delivery through multiple land ownerships. Over the last decade in the UK there has been an increase in dedicated regeneration agencies with more local accountability but building on the best aspects of the new town and urban development corporation models adopted in previous decades. OPDC itself is such an example: as a Mayoral Development Corporation that has been specifically set up to promote positive change within its geographical remit. Old Oak West is a significant part of OPDC's corporate portfolio and hence the Old Oak West team will have dedicated expertise that functions within the OPDC corporate structure but with its own clear identity and remit. It should be noted that the Old Oak West programme is comparable in scale and ambition to all other urban regeneration programmes currently underway in the UK where dedicated bodies have already been established such as in Stockport, Teeside and the East Midlands.

3. Features of urban regeneration

The Old Oak West programme displays the typical features of the most challenging urban regeneration schemes:

- A long term endeavour that needs to be managed in a permanent, robust manner.
- The programme takes place in an urban setting that has been through a long period of decline – in the built environment, economically and with distinct social deprivation.
- There are multi-stakeholder interests: at local, regional and national government level, communities, existing businesses, landowners and prospective investors and occupiers amongst others.
- Enabling infrastructure may well be needed to kick start the recovery.
- Stakeholder views are diverse, vocal and sometimes competing – consultation and active engagement is an essential pre-requisite.
- There are legislative considerations at all steps of the way not least meeting local planning policy.
- A delivery agency or sponsor must balance its delivery focus alongside viability, affordability and value for money and yet retain a focus on socio-economic outcomes at the heart of the programme.
- Dealing with change is inevitable given the time span for regeneration and hence a delivery body must retain strong sponsorship and stewarding capabilities to adapt to emerging economic, market and societal factors.
- Regeneration is outcomes focused and due to the complexity of the environment set out above it is only through blending, evolving and shaping interventions over a long period can the desired impacts in an urban change programme become embedded and long lasting.

4. Required capabilities for a regeneration delivery agent

Given the above characteristics of urban change programmes, the capabilities required for a delivery agent bring together are not just a range of technical delivery skills but fundamentally how these skills are deployed based on the core philosophies of integration and partnership working. This premise is important not only for dedicated bodies charged with overseeing regeneration but also to public/private arrangements such as those needed for development agreements, corporate Joint Ventures and partnering.

The ability to combine a broad range of core technical skills builds the capabilities that are fundamental for programmes like Old Oak West:

Establishing and promoting a vision - this provides the ‘guiding mind’ for an urban change programme and needs to be long term, deliverable and aligned to stakeholders’ needs with a focus on place and benefits realisation.

Strategic planning and business case development – this capability enables the programme to be developed, tested and then monitored on an ongoing basis so that it remains true to the vision, the programme objectives and remains financially viable and deliverable.

Partnership establishment and working – this is a core capability across all aspects of an delivery agent’s work and which will define the effectiveness of the agent whether this is forming partnerships with the private sector, local communities, landowners or public sector sponsors.

Sponsorship – a delivery agent must be capable of providing clear, single point leadership across its programme and demonstrate the ability to anticipate and bring together different stakeholders to deliver projects in its portfolio.

Land assembly – ownership or control of land is crucial to successful regeneration programmes, particularly where it is fragmented and in multiple ownerships. A single point of control enables the agent to adopt a comprehensive strategy and provides confidence to prospective private sector development partners. A strong capability on land assembly is absolutely critical for the delivery agent.

Design and masterplanning integration – the best urban regeneration programmes will create exciting, engaging places where design plays a vital role in lining people to place. This capability requires design standards and challenge to be embraced in the agent’s work to optimise an urban setting albeit within constraints of budget and deliverability.

Commercial and procurement – an obvious but vital capability in delivering value for money, managing risk and meeting outcomes with the right commercial partners. This capability applies to the development process, capital projects, infrastructure and also socio-economic interventions.

Planning and approvals – the delivery agent for any regeneration scheme must operate to and comply with local planning requirements. The organisation as a whole must understand this context and frame its project plans accordingly. The actual preparation and submission of planning applications can be done either in house or via external advisors but in both cases the ability to provide leadership and to make the right choices is critical.

Place making and social value – whilst place making is at the heart of the regeneration agency’s remit, this must be rooted in delivering social value for local citizens, community groups and businesses. A vital part of this capability is working in tandem with local and regional providers to optimise socio-economic programme and embed mandatory requirements across the agent’s procurement programme.

Programme and project management – an urban change programme will comprise of large numbers of initiatives that must be planned, actively monitored and reported on. Programme management through a PMO is a critical organisational capability that is key to effective integration and cross- team working as well as engagement with external stakeholders.

Stakeholder management and communications – as with programme management, this capability is core to the delivery agent being an effective integrator across the breadth of its remit. Given the breath of stakeholder interests in regeneration programmes, it is not uncommon for this capability to require significant staffing to be effective.

Development and construction co-ordination – the development and construction process will be the most capital intensive, disruptive, lengthy and visible aspect of a regeneration programme. Regardless of the commercial model, the delivery agent must be capable of being the client for the development programme and negotiating appropriate commercial terms with the private sector

Interfacing with infrastructure operators – development activity will inevitably involve new utility connections and transport infrastructure changes (road, rail or metro, for instance). These interfaces require careful management and integration and investment in these areas may often be the catalyst to bringing forward new sites or unlocking market failure.

Estate and public realm management – maintaining a high quality, welcoming and safe public realm is vital to community cohesion and creating value in new developments. Whilst the agent will have greater focus on estate management towards the latter part of its programme, it must consider potential solutions at the outset of its masterplanning process to optimise the approach to be taken.

Marketing and promotion – much of a scheme’s private residential or commercial units will be marketed via a development partner. However, the agent must also have the capability to support this activity and promote a place more widely as it seeks to attract new occupiers and investors.

Health and safety – the delivery agent must embed a health and safety culture at the core of its work. This requires technical awareness of current legislation and best practice but then a cross-agency approach to embed learning across all staff and delivery partners.

Corporate functions - a delivery agent will need to draw on the full suite of support services such as legal, procurement, IT, finance, IT. Whether it builds this capability in house or has a shared services agreement with other bodies remains a choice.

5. Comparator examples and learning

The capabilities set out above will not all be required on Day 1 of the establishment of a new regeneration body. However, given the nature of the integrator role, these capabilities will evolve as masterplans are developed and business cases approved. There are good comparator examples where organisations tasked with similar programmes of scale to Old Oak West have evolved over time to be effective across the full suite of regeneration agency capabilities. Examples include the London Legacy Development Corporation (LLDC) which was initially established in 2009 as a company limited by guarantee with a 50:50 ownership by the Mayor of London and Government (DCMS/ODPM). LLDC was structured by technical skills and had a development function that included land and infrastructure skills, an operations function and stakeholder engagement. It had a small socio-economic team initially but then grew this capability quickly as it took on greater significance across LLDC's various programmes working with its local authority partners.

Other mayoral development corporations or locally led urban development corporations have embedded similar skills in their teams with land assembly and development being critical in the early years. All have developed a parallel capability in economic development at the heart of their organisations. A common feature in all cases is that they have been set up locally to meet challenging change programmes and this localism approach has been actively promoted by Homes England in recent years as the national regeneration body. Other emerging examples of bespoke local delivery agencies to operate on behalf of a range of landowners include bodies proposed at Bristol Temple Quarter and Wirral. Old Oak West's local remit working with a range of local and national public sector landowners aligns with this approach.

The Old Oak West team will also be able to draw on lessons from successful long term partnerships where the public sector took an early active role and over time has transferred risk, opportunity and delivery responsibilities to the private sector. For example, the major change at Kings Cross over the last 20 years is testament to this approach and illustrates how the initial operating model can adapt as a scheme matures. Like Old Oak West, there was an initial focus on infrastructure development and LCR played a vital role for the public sector in facilitating and co-ordinating the early development activity. Their approach had a strong integrator focus and was delivered whereby infrastructure was enabled but alongside a balance of place making for the long term and stability in partnerships. From that original public sector intervention, today Kings Cross is now being developed by a private sector led team backed by Argent who have also developed Brindley Place in Birmingham and Manchester's Piccadilly.

There are other important learnings that the Old Oak West operating model can take from major infrastructure providers that have adapted their capabilities over time. Examples include Crossrail and HS2 where both organisations have invested in their capabilities and their subsequent maturity. This has helped to increase performance levels as their programmes evolved but has also helped with maintaining a structure that remains primed for delivery but avoids unnecessary programme risk whilst promoting collaboration. Regeneration and infrastructure delivery organisations are similar in that will need to adapt over time and capabilities will not always be fully mature at the programme outset. A corporate focus on capability development start can lead to improvements that meet the requisite standards. For the Old Oak West team, capability development should be a OPDC Board sponsored matter that would reflect industry good practice.

6. Proposed OPDC operating model and transitioning

The proposed operating model for Old Oak West is set out in the Management Case of the OBC. Its structure mirrors the delivery structures adopted successfully at LLDC and other development corporations. It has an emphasis on capacity building of the critical early capabilities, namely land assembly, development, procurement and programme management. Old Oak West's capacity and capability will be enhanced by links into the wider GLA Group and also the opportunity to draw on LLDC resources through to 2025. The organisational structure should not imply technical silo working in verticals but instead be the means through which Old Oak West creates a focus on integration and partnership working. It will be a role of the Old Oak West programme governance structures to monitor the effectiveness of the operating model, how it matures over time and whether Old Oak West capabilities are effective.

To date, OPDC's Old Oak West team has been primarily focused on preparing the outline business case. However, work has been underway to effect the transition from a business case focus into delivery, in line with the Old Oak West Level 1 programme. Recruitment is underway for vacant roles in the operating model and new staff are being appointed, confident in the programme and the approach that OPDC has adopted. Already this has resulted in the Old Oak West securing senior resources that bring extensive skills, private and public sector expertise and track records of successful urban regeneration delivery in London.

As Old Oak West's operating model becomes fully functioning and with the public sector in the lead delivery role until a development partner is procured, it will be essential to embed assurance and gateway reviews into the delivery programme. An open culture of learning and adaptability will help Old Oak West become an organisation that adapts for example by building on learning from LLDC which has overseen a diverse regeneration programme during the last decade. Old Oak West's organisational learning should also include reference to good practice guidance from the IPA on how to manage change across multiple organisations through programme transitions. The IPA cites London 2012 and HS2 as examples where effective delivery agents need to remain focused on benefits and outcomes; people and skills; behaviour and culture; economic and social value and transition planning.



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