

Mayor of London
City Hall
London SE1 2AA

Date: 8 December 2016

Dear Sadiq

Budget Proposals 2017/18

Thank you for your letter of 6 December allowing me the opportunity to comment on your proposed draft component budget for OPDC for 2017/18.

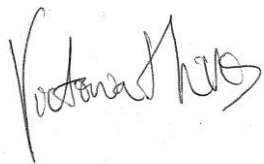
I confirm that our proposals fully balance the budget for 2017/18 based upon the proposed GLA funding of £6.9m and an assumption that OPDC has a zero council tax component. However your proposal presents some operational challenges and will impact upon delivery in some areas, most notably socio-economic regeneration, engagement and some of the more challenging public sector-owned sites. Access to the additional £1m being held by the GLA as contingency will enable us to mitigate the impact of the proposals on delivery of affordable housing and jobs in the area.

I have, since receiving your letter, consulted with Board Members by means of an Urgent Action in accordance with our Scheme of Delegation. In the absence of a Chair to moderate the comments I have received from the OPDC Board, I feel I have little alternative but to append Members' comments to this letter for your information.

I note that this is subject to the impact of the 2017/18 Local Government Settlement.

Meanwhile, I am happy to confirm that the information that you have requested will be submitted to the Assistant Director – Group Finance at the GLA, later today.

Yours sincerely,



Victoria Hills
Chief Executive Officer
Old Oak and Park Royal Development Corporation

cc: Doug Wilson, Chief Finance Officer, OPDC
David Bellamy, Mayor's Chief of Staff
Martin Clarke, Executive Director of Resources, GLA
David Gallie, Assistant Director – Group Finance, GLA

Appendix to letter to Mayor of 8 December 2016

Comments from the OPDC Board to the Mayor's Proposed Budget for 2017/18

Independent Board Member

Although in principle as a matter of formal governance I am willing to accept this budget proposal, I have a few comments which I thought I should send to you.

Given the Mayor's strong commitment to housing in London it is disappointing that the proposed budget puts the work of the OPDC at risk of not fulfilling some of its key objectives.

The budget as proposed with a 40% cut appears to leave the corporation with very little opportunity to advance some of its key objectives, and with a very narrow margin of being able to fulfil its basic obligations (for example as a planning authority).

One of my key worries is how the complex work needed to understand the infrastructure needs with respect to possible decking and over-station development and the interactions with many agencies required to make this work effective on the necessary time scale can be carried out by the OPDC with such a constrained budget.

I also worry about not giving adequate resource to the public engagement with local communities and Park Royal business groups which is so important to the project's ultimate success.

I can see that in the budget plan, you have made every effort to try and produce the most effective outcomes given the limited resource, but as I have explained, I am worried that this will leave the OPDC in a very difficult position at a critical time.

TfL Observer

I have read through the attached budget proposal documents and these look fine to me.

Independent Board Member

The proposed OPDC budget for 2017/18, much lower than our projected cash outturn for this year, is wholly inconsistent with our necessary but still modest 2017/18 work programme. We must get to grips with properly assessing our area's land holdings and preparing to acquire sites particularly from Network Rail. We cannot perform as an effective Development Corporation without this minimum amount of work. There would be no saving by inviting Homes for Londoners to do this land related work, and involving a third party in this way would cut across the need for the OPDC to have a coherent understanding of our area's land related issues. So a counter proposal for a 2017/18 budget similar to this year's outturn recognises the need for budgetary prudence but provides us with the capacity to pay for the outputs required.

That said, we would obviously want to work closely with Homes for Londoners and foster a good partnership with them.

Independent Board Member

I feel that I do not have the information required to be able to make an informed decision in under 48-hours on cutting 40% of the budget. I would request that board members require sufficient briefing and time, and to be provided with more information and substantiation. In particular:

- a) the detail behind the broad line items, e.g. how much has been planned on consultancy fees, etc.;
- b) a rationale for cutting specific line items; and
- c) the impact this will have on the outcome of the OPDC local plan and future development.

May I request that a decision is deferred until we have a Chair in place and/or until the board is sufficiently briefed.

I would like to add that it is these items where OPDC board members such as Raoul, me and the other non-public sector board members need some type of back-up. We have nothing on which to base important decisions such as this.

Independent Board Member

The scale of the cutbacks proposed are severe and give me cause for concern as to whether the OPDC can deliver upon its reconfigured brief as per the Mayor's recent strategic review. In particular, the Mayor's clear recommendation was for me in my role as a representative of local businesses to be properly supported. In addition, OPDC resource and headcount deployment were already heavily skewed towards Old Oak and away from Park Royal. I cannot support this budget if it means those already scarce resources are being cut further.

I am available if Doug or Victoria wishes to discuss these further. I am happy to provide more detail if required - the short notice has prevented me from preparing a more detailed note.

Borough Leader

The OPDC is at a critical juncture. There is a Royal Assent due in January on the HS2, we eagerly await a new dynamic Chairperson and forming an active relationship with Homes for Londoners. With these opportunities I would respectfully request that the budgetary position is placed for finalisation in February, after the Chair Person is appointed.

This allows for the OPDC to be fit for purpose post review and the new opportunities.

Borough Leader

Further to our discussion you will be pleased to hear that I can confirm that Ealing is supportive of the proposed budget. We agree with the Mayor that additional delivery capacity can be realised by more effective joint working with the boroughs and the GLA and that the reduction is appropriate given the actual timetable of the Old Oak project.

Independent Board Member

I have had only 48 hours to consider the material which means it has not been possible to discuss fully with the Corporation's officers, the full consequences of the significant (40%) reduced provisions made within the budget.

This means that it has not been possible to explore and reach a considered opinion on the implications of the seven areas identified for reductions by bullet point on page 1. In particular, bearing in mind that the work of the Corporation is still very much in the planning/master planning stage, I do not appreciate the implications for making progress towards agreed milestones of reducing the planning budget by some £0.5m in 17/18. Also, I note that the corporate contingency has been removed, the implications of which must be looked at in the light of the significantly reduced budget. Will the Corporation have access to a contingency held at GLA level should the need arise?

Lastly, at the Board meeting held last year to discuss the 2016/2017 budget, I asked how the Corporation would finance any early (or opportunity) implementation work (e.g. land acquisition, infrastructure improvements etc.) and was told this would have to be bid for revenue/capital resources held at GLA level. Is this still the case?

Borough Leader

We've not had enough time to consider this internally or indeed the implications it has. We cannot agree as it stands in the timeframe given.