

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2159

Title: Funding to OPDC to develop a business plan for Old Oak North

Executive Summary:

In early November 2016, the Mayor published the outcome of a review into the work of the Old Oak and Park Royal Development Corporation (OPDC). The review concluded that the pace of housing and economic growth in the area needed to be accelerated. It also urged that OPDC concentrate efforts on the northern area of the site to bring forward development in a more rapid and coordinated manner.

In line with the review's recommendations, OPDC will focus on the early delivery of housing across Old Oak North, prioritising the delivery of infrastructure while putting in place a credible longer-term plan for future development of sites across Old Oak South.

The Mayor's approval is being sought for OPDC to access £0.8m of contingency funding to cover the cost of additional work so it can develop a draft Business Plan for Old Oak North by early September 2017 and, subject to OPDC Board approval, then implement this plan. This Business Plan will also assess the ability of OPDC to develop a self-funding mechanism within the Old Oak North area.

It also seeks the Mayor's approval for the GLA's Housing and Land team to draw down, as necessary, from the contingency to fund additional resources that may be required to support OPDC's work.

A shared services agreement will be drawn up between the OPDC and the GLA's Housing and Land directorate – in line with the November 2016 recommendations – to ensure there is no duplication of effort and to ensure OPDC has the capacity to help bring forward early development at Old Oak.

Decision:

The Mayor approves:

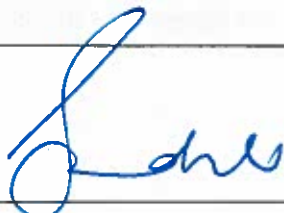
- i. An additional £0.8m of funding for OPDC from the Mayoral Development Corporation Reserve for additional work and resources to support the production of a business plan for Old Oak North, to be paid to OPDC as revenue grant funding under section 121 of the GLA Act 1999
- ii. A delegation to the Executive Director of Housing and Land, in consultation with the Executive Director of Resources, to draw down from the Reserve to fund the additional work and resources within Homes for Londoners needed to support OPDC's work and to bring forward wider development within the area

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:

7/8/17

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

Decision required – supporting report

1. Introduction and background

- 1.1 Coordinated investment in land and infrastructure at Old Oak is critical to unlocking the area's full development potential. However, given the challenges faced by the private sector in bringing forward development, comprehensive regeneration will not happen as quickly without support and some public sector intervention. OPDC's role as the planning authority, combined with its powers to deliver infrastructure and acquire land, puts it in a unique position to facilitate and where appropriate intervene to bring forward development. In turn this will enable greater levels of development to come forward faster and in a more coordinated way, thereby maximising densities and levels of affordable housing and supporting place-making.
- 1.2 In November 2016, the Mayor published details of a review into the operation and direction of OPDC. Recommendations included the need to accelerate delivery of both housing and jobs. It was highlighted that OPDC should concentrate efforts in the northern part of the core development area, recognising that the southern portion of the area would be subject to significant railway works for a considerable period of time. The review also concluded that OPDC should make greater use of shared service arrangements with teams in City Hall, including the use of the GLA's housing and property expertise in the Housing and Land directorate. Further to this, a comprehensive shared services agreement will be introduced between the OPDC and the GLA's Housing and Land team, together with an appropriate arrangement for the allocation of the operational resources necessary to deliver it.
- 1.3 OPDC has started to identify opportunities to facilitate development across Old Oak in line with Mayoral priorities – those being opportunities that would support early delivery of housing across Old Oak North, ensure delivery of priority infrastructure and secure future development of sites across Old Oak South.
- 1.4 A contingency of £2m is held by the Mayor to support a 'self-funding' proposal to be developed by OPDC; to assist work by Homes for Londoners in bringing forward wider development, and in particular future proofing development at Old Oak South; and to enable OPDC to fully implement the recommendations in the Mayor's review.
- 1.5 This MD seeks the Mayor's approval for OPDC to access £0.8m of the £2m of contingency funding, set aside to cover the cost of additional work and resources so that OPDC can develop a draft Business Plan for Old Oak North by September 2017 and then, subject to OPDC Board approval and agreement on funding, implement the plan. It also seeks the Mayor's approval for the GLA's Housing and Land team to access some of the remaining contingency funding. The funding will cover the cost of additional work and resources within Homes for Londoners needed to support OPDC's work and to bring forward wider development within the area. A shared services agreement will be put in place to confirm the relationship, roles and responsibilities of the GLA and OPDC. The agreement will be under section 401A of the GLA Act and will be subject to consultation with the Assembly and a further MD setting out its terms in more detail.
- 1.6 Government has recently introduced a new £2.3bn Housing Infrastructure Fund, providing grant to unlock major housing schemes through the funding of infrastructure, land acquisition and other turn key investments. The GLA, through its Housing and Land team, is co-ordinating the bids for this funding and the Mayor will be required to approve relevant bids by the deadline of 28 September 2017. The OPDC is a potential candidate for a London bid and this will necessitate a very close dialogue with City Hall's Housing and Land team. It is therefore important that the operational relationship between the OPDC and the GLA, together with any assessment of early win projects, is organised in the closest co-operation between the two teams.

2. Objectives and expected outcomes

- 2.1 An initial phase of work will see OPDC produce an Old Oak North Business Plan setting out options to bring forward development across the area and the likely future capital and other support to be requested from the GLA and other parties. The plan will set out various commercial opportunities and a forecast of the level of additional financial resource requested. It will be informed by infrastructure strategies currently being developed and the early masterplan work. OPDC expects that a first iteration of the business plan will take about three months to produce and focus on:
- opportunities to work with key partners to bring forward land where appropriate (sites in and outside of the land transfer Memorandum of Understanding between OPDC and the Department for Transport) for early delivery of housing across Old Oak North;
 - working with key partners to deliver priority transport and utility infrastructure to unlock development; and
 - working towards securing a fair deal with government which supports future development around Old Oak Common station, which is a key factor in the successful regeneration of Old Oak North.
- 2.2 Where it supports development of the business plan, OPDC will also start discussions with key parties (including land owners) to identify where there are opportunities to bring forward sites for development. OPDC proposes drawing on the support of Homes for Londoners. Discussions to establish a shared service will be pursued in parallel to discussions with relevant public and private sector parties, as part of the business planning, to identify, fund and bring forward key pieces of infrastructure – at pace – required to unlock development.
- 2.3 Progress will be monitored by OPDC's Senior Management Team, Delivery Steering Group (a stakeholder group that includes GLA representation) and Board.
- 2.4 Upon completion of the business plan, OPDC will seek approval from its Board to implement the plan including continued discussions with key parties and land owners, subject to in-principle agreement from the GLA and agreement to any funding implications.
- 2.5 OPDC will use the additional GLA funding that is requested now to progress the above activities through to September 2017, in order to tie in with the GLA budget processes. Specifically, it will cover the cost of additional planning and commercial advice (including valuation/appraisal work) and further technical studies relating to priority infrastructure. The funding will also cover engagement with key stakeholders and additional shared service resources.
- 2.6 OPDC anticipates that the first phase of work (Old Oak North Business Plan) will require additional funding of up to £0.8m. The OPDC will discuss the Business Plan with the GLA's Housing and Land team as it continues to be developed, and the Business Plan will be accompanied by a new shared services agreement between the OPDC and the GLA.
- 2.7 Details of this are considered further in Part 2.

3. Equality comments

- 3.1 Under section 149 of the Equality Act 2010 (the "Equality Act"), as a public authority, OPDC 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, any resulting development activity will minimise disadvantages to all protected characteristic groups within society.
- 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

- 4.1 Key risks relate to the timing and costs of interventions and these are dealt with in greater detail in Part 2. Any delays are likely to adversely impact availability, price and delivery of homes and jobs.
- 4.2 The key benefits of the proposal are:
- acceleration of delivery of homes and jobs in the area;
 - greater control over the delivery of affordable housing;
 - effective regeneration of Old Oak and Park Royal; and
 - the opportunity to use uplift in values to fund essential infrastructure.

5. Financial comments

- 5.1 OPDC's agreed budget for 2016-17 was £5.4m with a one-off £6.0 million contribution. OPDC's outturn for 2016-17 was £6.1m. A carry forward request of £0.8m from the 2016-17 underspend has been approved to add to OPDC's approved 2017-18 budget of £6.9m. The proposed additional contribution of £0.8m to OPDC requested in this MD can be funded from the Mayor's Development Corporation Reserve. If this were approved, OPDC's 2017-18 budget would be £8.5m. The funding will be made as revenue grant under section 121 of the GLA Act 1999.
- 5.2 As required the GLA's Housing and Land Directorate will be able to call down on some of the remaining contingency held for OPDC in the MDC Reserve. The application of some of the balance of the contingency will be approved by the Executive Director of Housing and Land in consultation with the Executive Director of Resources.

6. Legal comments

- 6.1 The development and preparation of the proposed business plan for Old Oak North is consistent with OPDC's statutory objects to secure the regeneration of its area under s 201 of the Localism Act 2011 and to do things that facilitate that objective. Shared services arrangements can be entered into between OPDC and GLA for the performance of functions of a professional technical or administrative nature subject to consultation with the Assembly.
- 6.2 Under s 121 of the GLA Act 1999 the GLA may pay revenue grant to OPDC for the purposes of or in connection with the discharge of OPDC's functions, including those under s 201 above which must be applied by OPDC solely for those purposes.

7. Planned delivery approach and next steps

- 7.1 Upon the Mayor's approval of contingency funding, OPDC will immediately engage advisors and commence production of a business plan. It is expected that a first iteration of the business plan will take about three months to complete, and be informed by infrastructure strategies currently being developed and the early masterplan work. The business plan will also set out a longer-term timetable for delivery.

Appendices and supporting papers:

None

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) 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 approval or on the defer date.

Part 1 Deferral:

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

If YES, for what reason:

Until what date: (a date is required if deferring)

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – YES

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Tim Somerville has drafted this report in accordance with GLA procedures and confirms the following:

✓

Sponsoring Director:

Fiona Fletcher-Smith 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 agreed by the Corporate Investment Board on 31 July 2017.

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

M. D. Bellamy

Date

31.7.17

CHIEF OF STAFF:

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

Signature

D. Bellamy

Date

31/7/2017

