

**Title of Report:** New Focus for Old Oak and Park Royal Regeneration  
**Meeting date:** 30 January 2020  
**Report to:** Board  
**Report of:** Ben O'Neill, Development Director

**For decision**

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**This report will be considered in public**

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**1 Summary**

- 1.1 This seeks the approval of the board to OPDC's revised delivery strategy, the key elements of which include:
- A new approach to the regeneration of the 'Western Land' along Old Oak Common Lane, Old Oak Lane and Victoria Road where key sites are owned by DfT and Network Rail;
  - Developing an evidence base of the benefit of a comprehensive and coordinated approach to land, development and infrastructure funding to optimise the strategic opportunities that the area offers;
  - Securing the support of major partners including public sector land owners and funders; and
  - Developing an engagement plan to ensure local and future communities in the area can influence the development and delivery of this major opportunity for London.
- 1.2 The report outlines the objectives of each of these components and requests approval to:
- Engage with public sector landowners;
  - Engage with potential funding partners including Homes England and the Ministry of Housing, Communities and Local Government (MHCLG); and

- Formally request that the Mayor confirms the withdrawal of OPDC's funding application to the Housing Infrastructure Fund.

## **2 Recommendations**

**The Board is asked to:**

- 2.1 Request, via the Mayor, the withdrawal of OPDC's application to the Housing Infrastructure Fund, noting that this is no longer appropriate or necessary, given that it was provisionally awarded to support land and infrastructure needs for Phase 1A development which is no longer viable;**
- 2.2 Authorise officers to engage with Central Government agency partners, including Network Rail, DfT, HS2, MHCLG and Homes England, including any preliminary negotiations for potential delivery arrangements;**
- 2.3 Note the appointment of Prior and Partners, procured from the Old Oak Masterplan call-off contract, to work alongside the OPDC team and key stakeholders to support the development of the new 'Western Land' approach;**
- 2.4 Note that the costs associated with the next stage of this new approach will be contained within the existing budget for 2019/20 and the approved draft budget for 2020/21; and**
- 2.5 Note that a full account of the expenditure and the timeline associated with the HIF bid will be presented to the next meeting of the Risk and Audit Committee, and that this information will be shared with the Greater London Assembly's Budget Monitoring Committee as they have requested.**

## **3 Background**

- 3.1 Three factors have fundamentally impacted on OPDC's proposed 'Phase 1A' early regeneration plans at Old Oak North:**
  - Rapid increases in industrial land values in west London which have affected scheme viability in the area and have made the relocation of key businesses in Old Oak North no longer possible;
  - The Planning Inspector's Interim Findings (attached at Appendix A) on the OPDC's draft Local Plan which de-designated the Cargiant site from Strategic Industrial Location whilst also concluding that Old Oak North had become commercially unviable for residential-led development at this time; and

- The consequent difficulty of meeting key conditions associated with the provisional award of Housing Infrastructure funding (HIF) from MHCLG.

- 3.2 The delivery of Phase 1A relied upon a land acquisition strategy that included land owned and operated by multiple third parties; Cargiant being the most significant. Their decision to remain in situ rather than relocate, for a variety of reasons, including to rising land values, combined with the Planning Inspector's interim findings meant that OPDC was unable to satisfy three key conditions. These conditions related to; a) the adoption of a Local Plan in its Regulation 19 form; b) developing a land acquisition and potential CPO strategy that enabled OPDC to control the delivery of development beyond Phase 1A and; c) securing a commitment from the most significant landowner to bring forward its own regeneration scheme.
- 3.3 A redacted copy of the HIF bid, appendices and the funding conditions was published on OPDC's website on the 20<sup>th</sup> January 2020. A copy of the redacted conditions is attached at Appendix B.
- 3.4 It is important to note that the Phase 1A plans were prepared as a response to the Mayor's review of OPDC in 2016, and to the need to secure a route to the early delivery of major residential-led development, building on the momentum of the two major residential schemes that were planned and underway by Fairview at Lakeside Drive, Park Royal and Notting Hill/Genesis and QPR at Oaklands, Old Oak Common Lane.
- 3.5 Equally relevant is that the preparation of OPDC's masterplan and subsequent HIF bid for Phase 1A was initially undertaken during the period when there was a genuine prospect of bringing the Cargiant site forward for development as the business was looking to relocate and redevelop the site. The HIF funding bid was originally assembled with a view to unlocking this opportunity by investing in essential new infrastructure and land acquisitions which would trigger early development activity and act as a catalyst for further major development on the Cargiant land.
- 3.6 Cargiant subsequently reconsidered their plans and concluded they were no longer commercially viable, largely because of the rapidly rising costs of securing suitable potential relocation sites.
- 3.7 The Phase 1A masterplan, and the technical assessments that supported it, were important components of both OPDC's draft Local Plan, and the bid for HIF funding. In the former case, this was a key part of an ongoing statutory process, including an Examination in Public, held in July 2019; and in the latter, an ongoing dialogue and negotiation with MHCLG and Homes England. During this time, OPDC worked closely with a professional team of external technical, legal and property experts that concluded that our plans were viable, and capable of being judged to be so by the Planning Inspector through the EiP process. Notwithstanding the obvious and acknowledged risks associated with the Local Plan and the HIF, it was entirely appropriate

therefore that OPDC continued to press ahead with its proposals and await the Planning Inspector's conclusions.

- 3.8 The Planning Inspector's interim findings report was published in September 2019 and concluded that a residential site allocation for Old Oak North was no longer appropriate because of viability constraints. This necessitated a period of internal review and dialogue with a number of parties, including Homes England, MHCLG, board members, the GLA and others, to determine OPDC's options. In November 2019, the Mayor was consulted about the proposed withdrawal of the HIF bid in favour of the revised approach that is set out in this report, alongside a budget guidance envelope for the purposes of planning OPDC's draft 2020/21 budget, that would reflect this and a new approach to bringing forward land and development.
- 3.9 The formal pre-election period in November and December necessitated a suspension of any potentially politically sensitive decisions, and following advice from GLA's governance team, it was agreed that this would include any formal approvals for a major change in strategy and a withdrawal of OPDC's HIF bid. Consequently, this board meeting is the first post-general election opportunity to present the case for the change in approach to a full board meeting.
- 3.10 We are undertaking a comprehensive review of the expenditure associated with the Phase 1A and HIF work. Calculating the precise costs is a detailed exercise as much of the technical work associated with the plans was also required for the purposes of Local Plan preparation and other options appraisals. We therefore intend to bring a detailed report, including the relevant timelines associated with the work, to a meeting of the Corporation's Risk and Audit Committee next month. It should also be noted that the Greater London Assembly's Budget Monitoring Committee has also asked for this information, which we will share as soon as possible, following the Risk and Audit Committee's consideration.

## **4 The New Focus**

- 4.1 Having given careful consideration of the options for future plans and delivery following the publication of the Planning Inspector's interim report, OPDC is now intending to revise its plans and work to bring forward and unlock a range of early sites – in both public and private ownership - where substantial numbers of new homes and jobs can be developed quickly. This will be done alongside a focus on the large public sector land holdings that are close to the existing Willesden Junction station and the proposed new HS2 interchange hub which together offer major opportunities for strategic scaled growth and regeneration.
- 4.2 The new approach will involve a closer focus on major public sector sites close to the new HS2 interchange, together with a programme of unlocking and accelerating a number of other sites where new homes and employment can be achieved quickly. This area presents a significant opportunity for

OPDC, alongside its public sector partners - DfT, HS2 (acting as DfT's agent) and Network Rail – to deliver a significant number of jobs and homes.

- 4.3 OPDC intends to appoint Prior + Partners, a firm specialising in masterplanning and urban design, to support the development of the new approach. Prior + Partners, who have considerable knowledge of the location, as well as extensive London, national and international experience, will work alongside OPDC to provide and articulate ideas, engage with stakeholders and develop an indicative phasing plan. The team will also support OPDC to reach an in-principle agreement over a shared set of objectives between the public sector partners. The primary purpose of this work is to develop and spatially articulate a shared ambition for the long-term future of the Western land; both as a 'place' and a regeneration opportunity within Old Oak and Park Royal. The key output from the commission will be a short document and accompanying presentation which will set out a strong narrative, spatial plans, images and precedents to support OPDC's new focus. A forward action plan and programme, setting out key steps to realisation will also be prepared. This work will be contained within the existing 2019/2020 budget.
- 4.4 OPDC will consult on its new plans with key stakeholders and the public later this year.
- 4.5 Following the Inspector's Interim Findings, OPDC will consider the nature and scope of modifications required to respond to this and will take any modifications through public consultation in agreement with the Planning Inspector.
- 4.6 Subject to the scope and nature of these modifications, and further consultation and agreement by the Planning Inspector, OPDC will update the Board and public on its revised programme for adopting the Local Plan.
- 4.7 OPDC is also seeking to enhance its work for all industrial land use in Park Royal and Old Oak to realise the benefit of Park Royal's status as London's most important industrial location. A separate Industrial Regeneration Business Plan is being worked up for approval in Q1 2020-2021.

## **5 Issues for Consideration**

- 5.1 OPDC's Development Team will organise itself to lead three workstreams:
- Strategic Opportunity: Reviewing and evidencing the benefit of a comprehensive approach to major regeneration across funding, infrastructure and collaboration with public sector landowners;
  - Accelerated Delivery: incorporating OPDC's "Early Activation" work (including Good Growth Fund works and the Great Place Scheme), this will look to leverage these tactical improvements alongside other investment activity to accelerate the delivery of homes and is already engaged in over 1,200 units in development; and

- Industrial Land: To support the growth and intensification of industrial land through a range of measures to address utilities capacity, make public realm improvements, improve access for public transport, walking and cycling and support employment and skills.

5.2 Responsibility for OPDC's Early Activation programme and the Park Royal programme will transfer to the Development Team.

5.3 The Development Team has begun working in close collaboration with colleagues from the GLA Housing & Land team to support these activities and as required will look to work closely with GLA regeneration and economic development colleagues.

## **6 Equality Comments**

6.1 Under Section 149 of the Equality Act 2010, as a public authority, the Chief Executive Officer must have 'due regard' of the need to eliminate unlawful discrimination, harassment and victimisation as well as to advance equality of opportunity and foster good relations between people who have a protected characteristic and those who do not.

6.2 While there are not immediate equalities implications arising from the decisions being put to the Board through this report, equalities considerations will be integral to the more detailed development plans that will follow. Our engagement approach will seek to explore these further and the relevant impact assessments will be provided to the Board at the appropriate juncture to inform its consideration of those detailed plans.

## **7 Financial Implications**

7.1 OPDC has ceased all supply contracts for work related to Old Oak North, noting that prudent management of the exposure during the period of uncertainty ensured that only "critical-path" activities were committed.

7.2 OPDC is currently re-forecasting its outturn for 2019/20 as part of the quarter three monitoring cycle and anticipates an underspend at year-end to reflect this reduction in activity. This will be reported at OPDC's March Board meeting, as well as to the GLA and London Assembly.

7.3 OPDC's draft budget for 2020/21 includes resources to support the work outlined in the body of the report, including a greater investment in Park Royal and supporting industrial land use. The Board will be requested to provide its approval for expenditure where required and in line with the Corporation's Scheme of Delegation.

## **8 Legal implications**

8.1 The proposals are consistent with the OPDC's legal framework and all expenditure will be in accordance with its procurement obligations.

## **Appendices**

Appendix A: Planning Inspector's Interim Findings, Local Plan Examination,  
10 September 2019

Appendix B: Redacted HIF Conditions Letter, 9 April 2019

## **Background Papers**

None

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