



St Quintin and Woodlands Neighbourhood Forum

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Martin Clarke
Executive Director Resources
Greater London Authority
City Hall,
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(by email)

August 9th 2019

Dear Mr Clarke,

OPDC governance arrangements and Mayoral Decision 2502

I am writing to you to request more information on the background to this report. I chair a neighbourhood forum in North Kensington (St Quintin and Woodlands) which over the last 8 months has been corresponding and meeting with OPDC Chair Liz Peace, on a range of concerns on the governance of the Old Oak and Park Royal Development Corporation.

These concerns are shared by members of the StQW Neighbourhood Forum and also by members of the Old Oak Neighbourhood Forum (a body for which I act as a volunteer adviser). In these roles I have been closely involved in the activities of the OPDC since its establishment in April 2015. From 1990-2005 I was the Director of Policy and Administration and the Council's Monitoring Officer at LB Hammersmith & Fulham and hence am familiar with governance issues in English local authorities.

To be clear, our Forum has no problem with the aim of this latest Mayoral Decision '*to provide an enhanced degree of scrutiny and accountability for the actions of the Corporation*'. We welcome this step and consider it to be overdue. From recent questions to the Mayor, we suspect that several Assembly Members will feel the same.

The process through which this Mayoral 'Governance Direction' has been issued prompts some queries:

- Paragraph 1.6 of the report MD2502 refers to '*a final report of MOPAC's oversight and governance review of OPDC produced in June 2019*' and notes that this gave '*substantial audit assurance*' in respect of OPDC. Is there some reason why this report was not included on the agenda of the OPDC Audit and Risk Committee at its meeting on 17 July 2019?
- There was an Internal Audit Progress Report on the agenda of this 17 July meeting, from David Eslin Head of Audit and Assurance at MOPAC. This does not refer to this '*oversight and governance review of OPDC*' as being audit work that was underway or had recently been completed. This is puzzling, as paragraph 1.4 of MD2502 states that '*a review of oversight and governance of the OPDC carried out by MOPAC the GLA's internal auditors in September 2018 had recommended that should the HIF bid be successful, an OPDC Governance Direction should be introduced prior to OPDC's receipt of HIF funding....*'. Can you please point me to where (and to whom) this September 2018 recommendation was made and who commissioned such a review (OPDC, a GLA officer, the Mayor or Mayor's Office?).
- As far as I can make out, such a '*oversight and governance review*' does not feature in the MOPAC/DARA audit plan for OPDC for 2018/2019 or that for 2019/20 (as reported to the OPDC Audit and Risk Committee on 22nd March 2018 and 20 March 2019 respectively). Does it feature in some separate GLA audit plan?
- Has this June 2019 '*final report*' on OPDC governance and oversight been published on the agenda of some other GLA body? I cannot trace it on the GLA website.
- If not already available to the public, can I please request a copy of this report as a '*background paper*' to the

recent report MD2502, under the terms of the 1985 Access to Information Act (which I understand the GLA complies with).

Our Forum's correspondence and discussion with Liz Peace has left us unconvinced that the governance arrangements for the Corporation are as robust as MOPAC's internal audit team considers them to be. While we can appreciate that such an audit team has the expertise to identify problems such as fraud or inadequate accounting, it seems doubtful that staff engaged primarily on auditing the Mayor's policing responsibilities will be very familiar with governance issues that can arise within a body that combines the statutory functions of a planning authority with those of a 'delivery body' attempting to meet the highly ambitious planning targets referred to in paragraphs 4.2. to 4.6 of MD MD2502.

Concerns which we have previously drawn to the attention of Liz Peace as OPDC Board Chair (a number of which have subsequently been remedied by the Corporation) include the following:

- The risk of conflicts of interest and breaches of 'chinese walls' between OPDC staff working on 'masterplanning' and delivery at Old Oak and those determining planning applications, especially when it comes to negotiations and Planning Performance Agreements and pre-application advice.
- Lack of transparency in terms in information published on the OPDC website as to the extent of use of Planning Performance Agreements
- Missing Registers of Interest for a number of OPDC Board Members and Planning Committee Members, as published on the OPDC website
- Late publication of details of gifts and hospitality received by senior OPDC staff

We note that certain other concerns on transparency have been raised in recent questions to the Mayor as asked by Assembly Members:

- Why has OPDC failed to publish expenditure details after September 2017 (ref 2019/14162) to which the written answer from the Mayor was *The reports detailing expenditure of any item above £250 were not published due to a technical issue with the reporting function on the finance system, that is acknowledged should have been rectified earlier.*
- Why has OPDC not published a disclosure log of FOI requests (2019/14161) to which the written answer from the Mayor was *OPDC responds to FOI requests in line with the Freedom of Information Act 2000. To date, OPDC has been in receipt of a few FOI requests, which are recorded on the internal correspondence system. However, OPDC will update its publication scheme and work with the Digital team to publish a FOI Disclosure Log for the 1 September 2019.*

The major public concern at the moment, as raised by Assembly Members at the session of the Budget and Performance Committee on June 11th and the Plenary session on July 4th, stems from the financial risks that the GLA is taking on in underwriting £250m of Housing Infrastructure Funds awarded by MHCLG/Homes England in March 2019. It has emerged via Q&A sessions of the Assembly that there are a set of conditions imposed by Government on this HIF award. OPDC has acknowledged that these conditions are 'challenging' and yet their terms remain hidden from the public.

As local community organisations, we and the Old Oak Neighbourhood Forum and the cross-borough Grand Union Alliance regularly attend and/or view online the discussions at the OPDC Board and its Planning Committee. We have also participated and given evidence at the public sessions of the Examination of the OPDC Draft Local Plan, where OPDC officers have faced questions on the content of the HIF bid and the OPDC's 'masterplan' for Old Oak North. Little information has been forthcoming. As a result we have concerns that even OPDC Board Members do not fully understand the formidable obstacles faced by OPDC in its 'delivery' plans for Old Oak North. This area accounts for 25% of all the 24,000 housing target in the OPDC Draft Local Plan.

The calibre and experience of three of the new OPDC Board members appointed in autumn 2018 has been questioned by the Old Oak Neighbourhood Forum and by ourselves. This Board, appointed by the Mayor, has limited democratic accountability while being in charge of very substantial public funds. Attendance of Board members at the Corporation's Audit and Risk Committee since 2015 has been patchy.

The new 'Governance Directions' introduced by MD2502 give some reassurance to the public that a tighter level of scrutiny, and a new set of GLA safeguards, will be introduced in the period during which the GLA will effectively be underwriting the £250m of Government funds (with no certainty that HIF grant conditions will ever be met). But I hope you will understand why local residents remain worried on this score. As explained in correspondence with Liz Peace, we see several of the elements of a repeat of the Garden Bridge fiasco.

The new Directions rely heavily on Mayoral oversight of OPDC decisions, with this responsibility being delegated to two named senior GLA officers including yourself. The legal comments at paragraph 6.4 of MD2502 say *'The Directions envisage that in most cases application for consent (whether required by the 2011 Act or otherwise) will be dealt with by the Executive Director (Good Growth) in consultation with the Executive Director (Resources) rather than the Mayor personally'*.

As I understand the current position, the Executive Director (Good Growth) is a new GLA post, for which the closing date for applicants has only just passed and no appointment has yet been made? The advert for this post states *Working closely with the Executive Director for Housing and Land, you will play a critical role in ensuring that all of London's communities benefit from the Capital's growth*. The Executive Director of Housing and Land is of course David Lunts, currently doubling up on a dual role as Interim Chief Executive of the OPDC. This stretching of senior GLA management capacity worries us also.

We London residents can only hope that you and the incoming Executive Director Good Growth appreciate what you are both taking on in terms of responsibility for implementing the new Governance Directions for the OPDC. For the Director of Good Growth in particular, we hope that 'working closely' with Mr Lunts will not lead to any difficulties or conflicts on decisions over release of the £10m of extra in-year GLA funds to OPDC, following the Mayor's recent approval to MD2493.

We are aware that Geoff Warren at Cargiant has raised similar concerns, in more forthright terms, and share his view that there are major risks of further public money being spent by OPDC for little or no measurable public benefit. I was at the EIP hearing on July 18th when Cargiant proposed a 3 month 'pause' to negotiate on landholdings at Old Oak North. OPDC officers and their legal advisers rejected this offer. It is hard to understand why, given the uncertainties that lie ahead (including the final fate of the HS2 project).

Our previous correspondence with Liz Peace on OPDC governance issues, and her replies to us, go back to October 2018. The content is too extensive to include as attachments to this letter. The correspondence can all be downloaded from this link to our website at <http://stqw.org/wordpress/2019/08/08/opdc-governance-the-questions-being-asked/>.

I hope that you will be able to respond to the four specific queries and requests for information set out at the start of this letter.

I am copying this to the MP for Hammersmith, and to Assembly Members from all parties who have been taking an interest in the OPDC's activities, as well as to Liz Peace, David Lunts, and David Bellamy.

Yours sincerely,

Henry Peterson
Chair, St Quintin and Woodlands Neighbourhood Forum
0207 460 1743

cc Andy Slaughter MP
Assembly Members Navin Shah, Caroline Pidgeon, Andrew Boff, Tony Devenish, Sian Berry
Liz Peace, Chair OPDC
David Lunts Interim Chief Executive OPDC, David Bellamy Mayor's Chief of Staff