

**Date:** 16 January 2023

**Item:** Bollo Lane and West London Development Joint Venture

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**This paper will be considered in public**

**1 Summary**

- 1.1 This paper covers the residential-led property development at Bollo Lane, Ealing and the procurement of a joint venture development partner to undertake development management and construction works for sites within TTL Property Limited's (TTLP's) west London land portfolio, potentially comprising some 2,500 new homes with a value of £1bn.
- 1.2 The paper sets out progress to date and seeks Land Authority which will enable the disposal of the first two phases at Bollo Lane and entry into contractual agreements with the preferred bidder.
- 1.3 A paper is included on the Part 2 agenda which contains supplementary information that is exempt from publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business affairs of TfL. Any discussion of that exempt information must take place after the press and public have been excluded from this meeting.

**2 Recommendations**

- 2.1 **The Committee is asked to note the paper and the supplementary information on Part 2 of the agenda and approve:**
  - (a) **Land Authority in the sum set out in the paper on Part 2 of the agenda for the transaction (the Transaction) as described in this paper and in the paper on Part 2 of the agenda; and**
  - (b) **the formation of a wholly owned subsidiary company for the purposes of entering into the contractual agreements relating to the Transaction.**

**3 Background**

- 3.1 The Bollo Lane site is approximately 6.75 acres and runs 750m from Acton Town station in the north to a level crossing at the southern end of the site. It is currently occupied by a combination of operational uses and third-party light-industrial units.
- 3.2 It offers a significant residential-led development opportunity in TTLP's 20,000-homes programme. It benefits from a hybrid planning permission which was granted in December 2021. This permission includes both detailed and outline

elements and will deliver up to 900 new, much-needed homes (50 per cent of which will be affordable), new train crew accommodation and over 2,000m<sup>2</sup> of new commercial and retail space.

- 3.3 The scheme comprises 10 buildings of various heights spread across seven plots. The development is designed so it can be delivered in three self-contained phases: Phase 1 will deliver 195 new homes; Phase 2 will deliver around 450 new homes; and Phase 3 will deliver around 250 new homes and a new train crew facility.
- 3.4 In December 2021, the opportunity for the Bollo Lane project was launched in the market to find a joint venture development partner.
- 3.5 The offer to market was extended to include additional sites within TTLP's west London commercial property portfolio. This included land at Ealing Common Depot, where detailed feasibility and due diligence has taken place, and other known TTLP sites that are considered suitable for joint venture development.
- 3.6 The total gross development value of the homes and commercial provisions to be delivered by the Bollo Lane joint venture is potentially £1bn.
- 3.7 The contract award at this stage is for Phases 1 and 2 at Bollo Lane, with Phase 3 subject to a future approval. These phases will be sold to the joint venture for development subject to conditions relating to vacant possession, site value, planning and finance being satisfied.
- 3.8 The additional sites referred to above will be subject to TTLP's Business Plan approval process, which will require TTLP governance to be followed before new land is introduced into the development joint venture.

## **4 Procurement Process**

- 4.1 The procurement was run in conjunction with TfL's Procurement and Commercial team and followed the competitive dialogue process. Eight standard supplier questionnaires (SSQs) were received in response to the procurement notice.
- 4.2 Following analysis of the SSQ submissions, four parties were invited to submit outline solutions (ISOS) for the project.
- 4.3 Prior to submitting their ISOS responses, two parties withdrew due to resourcing constraints. Following review of ISOS returns, the two remaining parties were invited to participate in dialogue.
- 4.4 Bids were assessed by evaluators for quality and commercial performance and a Preferred Bidder was identified.

## **5 Transaction Overview**

5.1 The transaction entails:

- (a) disposal of the first two phases at Bollo Lane to the Joint Venture Limited Liability Partnership (LLP) via a 999-year leasehold interest, following the satisfaction of the Phase 1 and 2 contractual conditions, for a consideration no less than the guaranteed minimum land value;
- (b) entry into contractual agreements with the preferred bidder, including the conditional joint venture agreement (CJVA), phase 1 and 2 works agreements (WA's), phase 1 and 2 business development management agreements (BDMAs), Planning Overage Agreement and the Members Agreement (MA), and any documents ancillary to those or contemplated within them, including any planning-related agreements; and
- (c) TTLP will form of a wholly owned subsidiary company to act as shareholder in the joint venture and that shareholder will take an equity stake of 49 per cent in the first two phases of the joint venture.

5.2 TTLP will bear the costs incurred in satisfying the conditions precedent prior to disposal of the site to the joint venture.

## **6 Investment Strategy**

6.1 Phase 1 of the development is 195-home Build to Rent (BtR) block. The appointment of the BtR provider will be made when the development joint venture is established. TTLP's share of any CLL acquisition of the BtR block has been included in TTLP's Business Plan. Ownership of a BtR block at Bollo Lane would be in line with TTLP's target of creating a significant BtR portfolio generating long-term income across London. A detailed proposal will be brought forward in due course.

6.2 The structure of the transaction provides TTLP with the opportunity to acquire the majority of the commercial units delivered at the site to secure long-term revenue, and provision has been made within the TTLP Business Plan to secure these units. A specific approval paper will be submitted to the Committee to seek authority for the proposed acquisition at the appropriate time.

6.3 The development joint venture also provides an opportunity to invest in build for sale housing to generate a significant capital receipt through both land receipt and development returns. The levels of financial return are detailed in the related paper on Part 2 of the agenda.

6.4 This investment will provide improved fleet and staff parking (including introducing electric vehicle charging), and deliver a new, fit-for-purpose facility for the escalator team, a new security office providing improved security and access to Acton Works, and a new, better-located train crew facility, subject to approval of the Phase 3 business plan.

6.4 The development is also delivering significant highways improvements by introducing a new pedestrian footway down the western side of Bollo Lane, creating two new zebra crossings, a raised table to help traffic calming and improve safety, and improving the two existing bus stops on the western side of Bollo Lane.

6.5 The development will also deliver the following public benefits:

- (a) provision of high-quality new homes designed to exceed modern housing standards;
- (b) 50 per cent affordable homes, providing a variety of tenures and formats to address housing need;
- (c) an approach to letting that is tenure blind to promote inclusion and quality;
- (d) high-quality amenity space through a series of curated landscaped areas, children's play space, private balconies and roof gardens;
- (e) based on sustainable design principles turning an underused brownfield site into a modern, well-connected development with buildings optimised in terms of energy, carbon, water and waste;
- (f) improved pedestrian and cycle-friendly connections to promote active forms of travel;
- (g) dedicated service road taking the burden created by deliveries and refuse collection away from the highway; and
- (h) 2,350m<sup>2</sup> of high-quality employment space which will provide a minimum of 44 full-time employment opportunities.

## **7 Environmental, Social and Governance (ESG) Strategy**

7.1 TTLP's Sustainable Development Framework (SDF) is an industry leading ESG tool, and it has been embedded throughout every stage of the Bollo Lane project. The SDF is performance-focused and measures the project against 98 Key Performance Indicators (KPIs). It spans the full range of social impact, economic prosperity and environmental stewardship.

7.2 Against these measures, Bollo Lane is currently scoring 61 per cent compared with the residential portfolio average of 65 per cent. It is expected that the Bollo Lane score will increase, and this will be addressed when the TTLP Design Team is able to fully engage with the successful bidder.

7.3 Measuring Bollo Lane against the SDF scorecard:

- (a) the site includes 50 per cent affordable housing provision and therefore fully meets the KPI;
- (b) the Urban Greening Factor is 0.42, which is slightly below the KPI target of 0.50. To enable the development, all the existing trees will have to be

removed but the landscaping strategy includes over 200 replacement trees being planted, and the aim is to achieve at least 0.45;

- (c) the cumulative Carbon Emissions Reduction score of 65 per cent surpasses the KPI of 55 per cent;
- (d) there is an outstanding score against TTLP's Healthy Street policy, reflecting the significant improvements being made by the scheme; and
- (e) over 20 apprentice and training opportunities will be created by the project, building on the great work now taking place across TTLP's development sites.

7.4 The SDF forms part of the joint venture contract documents with the joint venture partner committing to deliver the higher of the current score or best practice, where achievable.

## **8 Key Stakeholders**

8.1 The engagement with stakeholders during the planning process, coordinated by the TTLP communications team, helped deliver a resolution to grant planning on this scheme with overwhelming support at the planning committee.

8.2 Key ongoing stakeholder management includes to the vacant possession work and interface with operations. The project team is working closely with operational colleagues, particularly those in Investment Delivery Planning and Asset Performance and Capital Delivery, to ensure that all works are aligned with operational strategic policies. A steering group has been set up to oversee progress and ensure coordination between the related projects.

## **9 Operational Impact and Assurance**

9.1 Significant engagement has been undertaken with all operational occupiers of the site and the TfL estates function. This has fed into the vacant possession strategy, to help ensure there is no detrimental impact on operational activities currently associated with the site.

9.2 The development team has continued to work closely with Project Assurance colleagues to implement the recommendations that came from a Target Assurance Review in March 2021.

9.3 Project Assurance and Independent Investment Programme Advisory Group (IIPAG) TTLP sub-group were briefed on the project and the authority requests in this paper on 15 December 2022. The briefing was well received with no major concerns raised. Assurance will be ongoing throughout the project lifecycle and outputs will be provided to this Committee as necessary.

## 10 Indicative Programme

Land and Property Committee Contract Award (subject to approval)	January 2023
Start on Site Vacant Possession Works	January 2023
Enter Contracts	March 2023
Start on Site – Phase 1	August 2023
Start on Site – Phase 2	March 2024
Practical Completion – Phase 1	December 2025
Practical Completion – Phase 2	November 2026 – December 2027 <sup>1</sup>

## 11 Risks

11.1 As with any project of this scale, and notwithstanding the work already undertaken to secure planning consent and define the operational interface, there are a range of risks, including key risks set out below.

Risk	Grading	Mitigation
Recognised ongoing issue with insufficient electricity capacity in west London that may delay programme	Medium	Working with the utility supplier to secure the power needed to deliver all the units. Further mitigation is provided by ring fencing existing on-site capacity as operational buildings become vacant.
Planning permission refused for replacement car park	Low	Full engagement with planning authority and a policy compliant proposal submitted.
Section 163 refused by Secretary of State	Low	Detailed application made in September 2022. Low impact on operations with enhanced facilities to be provided by the development. No impact on customers.
Market forces - inflation and interest rates	Low	Guaranteed Minimum Land Value bids take account of worst-case scenarios and therefore, if approved, the scheme will be deliverable.
Vacant possession costs impacting on scheme viability	Low	Vacant possession costs currently carry a 30 per cent contingency.

<sup>1</sup> To reflect the fact that buildings are available for handover prior to completion of the phase

**List of appendices to this report:**

Exempt supplementary information is contained in a paper on Part 2 of the agenda.

**List of background papers:**

None

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