

Public Document Pack



COMMITTEENAME

This publication gives five clear working days' notice of the decisions listed below.

These decisions are due to be signed by individual Cabinet Members
and operational key decision makers.

Once signed all decisions will be published on the Council's
Publication of Decisions List.

This page is intentionally left blank

London Borough of Enfield**Portfolio Report**

Report of: Peter George - Director of Development

Subject: MW HIF - Variation Grant Determination Agreement

Cabinet Member: Cllr Nesil Caliskan

Executive Director: Sarah Cary - Executive Director of Place

Ward: Upper Edmonton

Key Decision: KD 5459

Purpose of Report

1. The Council has made considerable progress since entering into the Housing Infrastructure Grant (HIF) Grant Determination Agreement (GDA) with the government Department for Levelling Up, Housing and Communities (DLUHC) in October 2020. Key approvals have been obtained and completion of contractor procurements on both Rail and Street Works means that the project teams are ready to deliver the works on site.
2. However, exceptional inflationary pressures have caused a significant budget pressure on the HIF Street Works project, whilst the Rail Works are still forecasted within budget. Exceptional inflationary pressures are felt across the construction industry, as a fallout from the pandemic, ongoing adaption to Brexit and more recently the Ukraine conflict. DLUHC confirmed that HIF funded schemes across the country are experiencing budget pressures as result of this and DLUHC are undertaking a national funding review to inform a decision on how to best address the inflation pressures across the HIF programme.
3. To maintain momentum on both the Rail and the Street Works, Enfield Council have obtained, in principle, DLUHC's approval to de-link the Rail and the Street Works under the GDA and to increase the preliminary funding cap. This enables the Council to progress both projects and minimises the impact on programme and housing outputs whilst maintaining a balanced budget position until completion of DLUHC funding review towards the end of the year where it is hoped exceptional inflationary cost pressures will be considered favourably for funding support.
4. The purpose of this report is to approve additional expenditure to be funded from the MW Capital Programme pending formal variation of the HIF Grant Determination Agreement with DLUHC. Approval has been received in principle but the grant variation will take at least several months. Meanwhile this additional expenditure will allow critical works to continue.

Proposal(s)

5. To delegate authority to Director of Development in consultation with the Director of Law and Governance and Executive Director of Resources to agree such amendments to the GDA as are necessary to vary milestone dates for delivery, increase the amount that may be reclaimed by the Council as "Preliminary Expenditure" and de-link the Rail Works (noting that the overall maximum grant funding will not be increased).
6. To approve an additional works expenditure for the amount set out in Confidential Appendix A to be funded from the MW Capital Programme and reimbursed from HIF grant on a quarterly basis (noting that such expenditure will only be reimbursed by DLUHC in arrears on a quarterly basis if (i) all conditions to grant funding being satisfied or (ii) variations to the GDA set out at para 2 above being agreed and signed).
7. To approve a further preliminary expenditure for the amount set out in Confidential Appendix A in the event that there are unforeseen delays to completing the variations or the grant conditions being satisfied as referred to in pg. 6, above. This will only be expended if agreed with DLUHC as recoverable.
8. To note that if any expenditure approved in paragraphs 3 and 4 above were not reimbursed by DLUHC for the reasons stated in paragraph 3, this would have to be initially funded by borrowing and paid back via an unbudgeted revenue cost. To note that Cabinet (KD5181) delegated authority to approve variations to the Street Works PCSA of the to the Programme Director – Meridian Water in consultation with the Executive Director of Resources and Director of Law and Governance, subject to sufficient funds being available and satisfactory performance of the contractor.

Reason for Proposal(s)

9. The Council has made considerable progress on the delivery of the Strategic Infrastructure Works since entry into the GDA in October 2020. Key approvals have been obtained and completion of contractor procurement on both Rail and Street Works means that the project teams are preparing to deliver the works on site.
10. There have been some delays to achieving some of the milestone dates set out in the GDA and DLUHC have agreed in principle to vary these. The variation proposed in this report will enable the Council and DLUHC to reflect the current position and enable the Council to continue to submit claims for grant funding
11. The GDA distinguishes between different categories of funding: (i) Historic Costs (i.e. costs incurred by the Council prior to entry into the GDA); (ii) Preliminary Expenditure; and (iii) the main grant funding which constitutes more than 80% of the total available amount of grant funding. The Council's ability to request "main grant funding" is subject to various conditions including the provision of evidence from the Section 151 Officer that the Council has sufficient funds (in addition to the HIF Funding) whether from its own resources or otherwise to complete the rail and street infrastructure works. Currently the s151 officer is unable to give this assurance because the street works are estimated to exceed the available budget (£116.1m), mainly due to exceptional inflation costs. The Council and DLUHC are currently exploring ways to resolve this and an outcome is expected at the end of 2022, when a further report will be brought forward by officers with recommended proposals. In the meantime, the GDA obliges the Council to deliver the infrastructure works by March 2024 in order to access the full amount of grant funding and to comply with the grant conditions. Conditions to claiming Preliminary Expenditure are less onerous than the conditions to claiming the main grant funding. It is therefore proposed that DLUHC reduce the "main

grant funding” by the amount set out in part 2 of this report and increase the amount of funding available for Preliminary Expenditure by the same amount. This will enable the Council to proceed with Street Works pending the outcome of the funding decision at the end of this year.

12. The rail infrastructure works are reported to be within budget and therefore the S151 officer may give the necessary assurances in respect of Rail Works. It is therefore proposed that rail works are “de-linked” from the Street Works in the GDA such that the Council may access the “main grant funding” in respect of Rail Works only. This (as well as the increase to the Preliminary Expenditure described above) will require a variation to the GDA and will enable the rail project to continue on programme and within budget. The variations proposed will enable the Council to progress both projects and minimises the impact on programme and housing outputs whilst maintaining a balanced budget position until completion of DLHUC funding review towards the end of the year.

Relevance to the Council’s Plan

13. The Strategic Infrastructure Works delivered through the HIF funding serve future development which is key to unlocking the development of Meridian Water and contributes to the priorities of the Council’s Corporate Plan:
 - a. *Good homes in well-connected neighbourhoods*
The Strategic infrastructure at Meridian Water is key to building more and better homes in Enfield. It is also key to delivering and driving investment to deliver growth in Enfield. Further to this, a key aim in the Council Plan is to Complete Government-funded strategic infrastructure works for Meridian Water, which include a major new road and public park, due for completion in 2023.
 - b. *Safe, healthy and confident*
The Strategic Infrastructure works underpin placemaking capability at Meridian water that will contribute to reducing reliance on cars and increasing walking, cycling and public transport at Meridian Water and it will also contribute to opportunities to visit and enjoy parks and open spaces.
 - c. *An Economy that works for everyone*
The Strategic Infrastructure Works at Meridian water are key to shaping the economy of Meridian Water and allowing the economic growth of Meridian Water to be filtered out to connecting areas throughout Enfield, attracting jobs, business growth and supporting Enfield residents and the local economy.

Background

Previous Decisions

14. In December 2018 the Council submitted a bid to the Department for Levelling Up, Housing and Communities (DLUHC, formerly MHCLG) for the Housing Infrastructure Fund (HIF) to deliver the first phase of strategic infrastructure works in Meridian Water. The Strategic Infrastructure Works comprise of rail enhancement works amounting to a value of circa £54m (HIF Rail Works) and strategic road and flood alleviation works for a value amounting to circa £116m (HIF Street Works).
15. On 12th February 2020 Cabinet approved (KD 5085) the entry by Council into the GDA and the drawdown of £19m Preliminary Expenditure, in addition to £7m Historic Costs

that had already been approved and expended. This brings the total approved expenditure to £26m to cover the period up to the main works start on site and discharge of all funding conditions. Approved expenditure is forward funded from the Council's MW Capital Programme Budget and claimed back from DLUHC HIF funding on a quarterly basis in accordance with the terms in the GDA.

16. Under delegated authority from Cabinet, the Meridian Water Programme Director in consultation with the Executive Director of Resources and the Director of Law and Governance accepted the terms and approved the entry into the GDA and all associated subsidiary documents (PL 20/072 O). On 30 October 2020 the Council entered the GDA with DLUHC for a total amount of £170m.
17. On 16th September 2020 Cabinet approved (KD 5181) the entry by Council into a framework agreement with selected contractors and the entry by the Council into a Pre-Construction Services Agreement (PCSA) for the delivery of Street Works. Following Cabinet approval and consultation with members of Cabinet the Council entered a PCSA with the first ranked contractor Vinci Taylor Woodrow on 16/03/2021.
18. Approved recommendation by Cabinet on 12th February (KD5085) delegates authority to approve variations to the PCSA to the Programme Director – Meridian Water in consultation with the Executive Director of Resources and Director of Law and Governance, subject to sufficient funds being available and satisfactory performance of the contractor.

Grant Determination Agreement

19. The main provisions of the GDA, include both standard conditions for all HIF Forward Funding schemes as well as bespoke conditions for the Meridian Water project. If the Council fails to meet any of the conditions precedent or the project milestone dates, DLUHC may terminate the grant agreement, withhold additional funding and potentially clawback any funding already paid.
20. Under the GDA the Council is required to fulfil a set of conditions precedent. The first set of conditions (pre-commencement conditions) were satisfied prior to entry into the GDA and enabled the Council to claim all historic expenditure incurred in the period between submission of the Expression of Interest (September 2017) and entry into the GDA (October 2020), as well as preliminary expenditure, covering all cost up to the start on site.
21. Additionally, there is a set of conditions precedent (pre-draw down conditions) to funding claims for the actual works which constitute more than 80% of the total HIF funding amount. In summary, these conditions require the Council to evidence that necessary approvals and consents (planning, CPO, statutory stakeholder approvals) are in place to commence construction of the main works.
22. The Council have made significant progress to satisfy these conditions and in November 2021 the Council submitted a request and supporting evidence to discharge the pre-draw down conditions. DLUHC is still in the process of reviewing all evidence submitted and the Council is closely liaising with DLUHC to close out the conditions. It is expected that these will be discharged without substantive change imminently.

Main Considerations for the Council

Rail Works Progress Update

23. The HIF Rail Works progress is in line with the Network Rail developed GRIP (Governance for Railway Investment Project) process. The Council has successfully completed GRIP 2 design (feasibility) and GRIP 3 design (option selection) and has commenced GRIP 4 design (single option development).
24. In parallel to the GRIP design process, the project team has progressed the approval process with the Department for Transport (DfT). DfT's Rail Infrastructure Board approved the Outline Business Case for the HIF Rail Works in the summer of 2020, and the Full Business Case was approved by the DfT's Tier 2 Rail Infrastructure Board on 30 March 2022. DfT approval has cleared the way to deliver the works.
25. Furthermore, the Council started the procurement of a rail contractor in the summer of 2021 through a restricted OJEU procurement process. In early January, the tender responses were received, and in March, the Council approved the appointment of the successful contractor Balfour Beatty. The Council is close to entering into a Pre-Construction services Agreement with Balfour Beatty and anticipates entering into the main contract in June 2022.
26. In summary, significant progress has been made towards the delivery of the HIF Rail Works and the project is on programme and forecasted cost to complete the works are within the HIF funding envelope.

Street Works Progress Update

27. The Council and its professional team have developed the Street Works up to the developed design stage and planning permission was granted in July 2020. Further planning approval was granted in February 2022 for a primary substation.
28. To assemble all land required to deliver the Street Works, the Council has acquired land under private treaty agreements and progressed a Compulsory Purchase Order (CPO). The CPO was confirmed without modification, in July 2021 and the Council is currently in the process of implementing its Compulsory Purchase Powers through a General Vesting Declaration. The Council will obtain ownership of all land required to deliver the HIF Street Works ahead of the construction start.
29. The Council completed a Ground Investigation (GI) survey and submitted a Remediation Strategy to the Environment Agency (EA). The Council's professional team are working through the comments from the EA to obtain the final sign-off ahead of the construction start.
30. The Council procured a Framework Agreement to deliver the HIF Street Works and, in 2021, the Council appointed three contractors onto the framework. Following procurement of the framework, the Council negotiated with the first ranked framework contractor (Vinci Taylor Woodrow) for a pre-construction services agreement (PCSA) for the delivery of HIF Street Works and the agreement was entered in March 2021.
31. Under the PCSA, the Contractor progressed, developed, designed, and procured all work packages with specialist subcontractors. The PCSA stage is nearly completed and the Council has received a price offer for the delivery of the Street Works from Vinci Taylor Woodrow. The contract price offer is significantly over budget, notwithstanding the value engineering and de-scoping items that had been identified ahead of receipt of the contract price offer.

32. In summary, significant progress has been made towards the delivery of the HIF Street Works, but exceptional inflationary budget pressures persist causing delays and putting programme at risk.

Key Challenges

33. Notwithstanding the significant progress made towards the delivery of the HIF Rail and Street Works and the steps taken to satisfy all conditions precedent under the GDA, some key challenges persist and impact the Council's ability to deliver the project in accordance with existing governance and the terms of the GDA.
34. As result of budget pressures uncertainty remains on the surety of the total price of the Street Works being contractable in the HIF funding envelope. This in turn impacts the Council's ability to go unconditional on the GDA and access the main funding, as this would require evidence that the Council has sufficient funds (in addition to HIF Funding) to complete the Infrastructure Works.
35. Furthermore, the amount of funding that can be claimed before going unconditional is capped under the GDA and this limit is expected to be reached from end of June. The GDA doesn't allow the Council to claim any funding in excess of the cap before going unconditional and the Council's governance does not allow to forward fund any expenditure over and above the cap.
36. This currently poses the risk that the Council must pause the projects until budget pressure and cost uncertainties on Street Works have been resolved. As Rail Works and Street Works are contractually linked under the GDA, both projects are affected, even though no budget pressures exist on the Rail Works project. Pausing both projects would have significant programme and cost implications and would delay housing outputs on Meridian Water.

DLUHC Options Report

37. Given the challenges outlined above and in part 2 of this report, the Council presented several options to progress the HIF projects to DLUHC at the cross government HIF Board on 11 May 2022.
38. The recommended and verbally approved proposition will maintain momentum on both the Rail and the Street Works, and minimises the impact on programme and housing outputs whilst maintaining a balanced budget position until completion of DLHUC funding review towards the end of the year where it is hoped extraordinary inflationary cost pressures will be considered favourably for funding support.
39. A draft letter from DLUHC confirming the decision by the cross government HIF Board is in the process of being agreed and formal signed letter is expected within the next week. The draft letter received is in line with the Council's expectation and reflects the proposals discussed at the Board.

Safeguarding Implications

40. Not applicable

Public Health Implications

41. There are no public health implications arising directly from this decision.

42. However, the infrastructure works proposed to be funded by this grant help encourage residents to prioritise walking and cycling. The infrastructure designs are grounded on an urban structure that improves the environment and to encourage healthy lifestyle. The utilities corridor is also designed to provide specs for smart technologies, introduce suitable energy infrastructure to help residents save energy bills and improve air quality. In addition, the development of good quality housing and economic development will contribute towards improvement in health and wellbeing for communities.

Equalities Impact of the Proposal

43. There are no equalities impact arising from the decision in this report.
44. Impact on parties currently operating on the land where the SIW will take place was analysed through Equalities Impact Assessment (EQIA) in relation to the CPO. The initial EQIA was conducted in December 2019 internally by the Council, with a subsequent extensive review by external consultant Ottaway Strategic Management in March 2020. Both assessments identified no direct negative impact of the CPO. Please see KD 4832 (January 2020) Cabinet and (July 2020) Operational reports for details.
45. A predictive EqIA was completed on the Meridian Water Masterplan in 2018 and found that the scheme will have a positive impact on groups sharing protected characteristics, creating a sustainable community in Meridian Water that is connected to the surrounding communities in Edmonton and promoting social equity and reduce inequalities. The EqIA demonstrated that the scheme will deliver social, economic, health, educational, physical, and environmental infrastructure that meets the needs of different groups and reduces inequality across a number of domains, including housing, health, and employment.

Environmental and Climate Change Considerations

46. There are no environmental implications arising directly from this decision.
47. The HIF works create a pedestrian friendly and safe environment, which will support people to choose walking and cycling as their first choice of travel. The provision of a bus only route on the east-west spine will also increase the frequency of and accessibility to buses, which are the most accessible form of transport for most users. An increased train service will make this a choice for people travelling both to central and east London, as well as north to destinations such as Harlow, Stansted Airport and Cambridge, thus reducing the need for car ownership and related trips. Given that transport makes up 39% of the borough-wide energy based carbon emissions in Enfield, this will play a role in mitigating the impacts of the new development and meeting its environment and sustainability targets.
48. The sustainable flood mitigation strategy proposed is a nature-based solution using onsite provision of flood attenuation (Edmonton Marshes) and the naturalisation of brooks for hundred year +35% climate change flood event. This results in climate change resilience for the Meridian Water development, as well as the provision of new parks as valuable greenspace for future residents and visitors.
49. Construction activities generate carbon emissions so for the main contractor procurement for the Site Works, sustainability and climate change considerations were built in tender evaluation criteria. Any further procurement to deliver the HIF

works will give consideration to sustainability and climate change and will be carried out with consideration of the Meridian Water Sustainability Strategy.

50. As part of the HIF Street Works the Drumsheds in Orbital Business Park are dismantled or demolished and materials are intended to be repurposed. Interest from receipt projects has been received for taking steel for repurposing and to pay over scrap price. Also, materials from F-Block demolition are intended to be re-used in the construction of the HIF Street Works. These proposals contribute to driving down embodied carbon and inform circular economy statements.
51. The delivery of significant new infrastructure will lead to the generation of embodied carbon in materials. The Meridian Water Environmental Sustainability Strategy considers the approach to this, including offsetting that might be required in the future.

Risks that may arise if the proposed decision and related work is not taken

52. Not approving the recommendations set out in this report will result in having to pause both Rail and Street Works, until the budget pressures on the Street Works have been resolved and additional HIF funding for inflation cost by DLUHC is confirmed. This will have direct and indirect impacts on the delivery of strategic aims at Meridian Water. Impacts of having to stop / pause the Street and Rail Works are set out below:
53. **Programme Impact:** Both the teams on the HIF Rail and HIF Street Works will need be de-mobilised now and will re-mobilise following positive outcome of the DLUHC funding review expected in November. This will result in a pause of 9 months and following the DLUHC funding decision teams will require 3 months to re-mobilise, resulting in a minimum delay of 12-month to the programme. Given the nature of the rail industry and the reliance on disruptive possession to carry out the works and time required to book disruptive possession, it is expected that this will result in aggravated delays, pushing the Rail Works programme out by a minimum of 15 months.
54. **Budget Impact:** Pausing both the HIF Rail and HIF Street Works is expected to result in additional cost related to inflation, as well as de-mobilisation and re-mobilisation cost of both project teams. The anticipated budget impact of pausing both projects is an increase of cost by £5m for the Rail Works and an increase of £7.5m for the Street Works. In addition, pausing the projects could result in further exceptional costs if it must re-procure Main Contractor for both Rail and Street Works and re-do the work carried out by the existing Street Works contractor under the PCSA.
55. **Impact Housing Outputs:** Pausing the Street Works would directly impact 2,000 homes in Phase 2 for which outline planning permission has been granted and which are directly dependent on the completion of the Street Works for access, remediation, flood mitigation measures, utilities, and provision of green spaces. Direct programme delays are likely on Meridian 2, Meridian 3 and Meridian 4 if the Street Works were paused and knock-on delays are likely on the further homes that benefit from the delivery of the Street Works. Homes on the sites adjacent to Meridian Water station that are directly benefitting from the Rail Works being delivered through increased accessibility and service levels are likely to be impacted.
56. **Impact on Meanwhile Uses:** Meanwhile project Troubadour Studios is dependent on the completion of elements of the Street Works for the roll out of the second phase of the project and the build out of the film studios, theatre and media skills academy. Delay of the Street Works puts uncertainty on entry into lease with Troubadour for the

full demise, which is a mechanism required for the Council to recover investment made in first phase of the Troubadour Film Studio project.

57. **Impact on Surrounding Landowners:** Given the recent announcement that Ikea are closing their store in Meridian Water and advertising the site for redevelopment, about 2,000 homes could come forward earlier than anticipated subject to Rail Works being progressed as planned. Any delays to the Rail Works would put this at risk.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

58. **Risk:** Long term funding challenge - Whilst some risks have reduced, cost inflation risk has increased, and so uncertainty remains on the surety of the total price being contractable in the GDA budget. Spending further monies allows us to mitigate these risks, and work to a fundable scheme, but also increases LBEs total exposure of clawback.
Mitigation: Carry out further VE and de-scoping to bring the project back to a contractable price within the HIF funding envelope. Continue to liaise with DLUHC on additional HIF funding for exceptional inflation pressures. In parallel, work is undertaken by the Meridian Water Team to look at options for alternative funding, including SIL, s106 and external funding schemes to fund any elements that would be proposed for VE and de-scoping.
59. **Risk:** Short term funding gap - LBE need to get comfortable that the short-term funding position will not be underwritten by the GDA revisions fully until these are implemented.
Mitigation: Obtain minutes of White Hall Board Meeting and request a letter confirming the decision of White Hall Board. Formal written communication confirming decision by the cross-government Board is expected by the end of June 2022. Swiftly progress the Deed of variation to formalise the decision made by the cross government HIF Board.
60. **Risk:** Delay or other breach of GDA - non-compliance with the Council's obligation under the GDA, such as delay to the Infrastructure Milestones could result in breach of contract and in the worst-case scenario termination of the agreement and further funding being withheld or all/ some funding being claimed back.
Mitigation: Existing project management arrangements are in place to manage the project and ensure timely delivery of Infrastructure Milestones. Close engagement with DLUHC is ongoing through monthly progress meetings and if required agreement will be sought from the DLUHC for a waiver or extension.
61. **Risk:** Cost overruns - If project costs exceed the funding provided, the Council will need to fund the cost overruns on the project.
Mitigation: Project management arrangement are in place to closely monitor the project and the project cost. Carry out further VE and de-scoping to bring the project back to a contractable price within the HIF funding envelope. Continue to liaise with DLUHC on additional HIF funding for exceptional inflation pressures. In parallel, work is undertaken by the Meridian Water Team to look at options for alternative funding, including SIL, s106 and external funding schemes to fund any elements that would be proposed for VE and de-scoping.

Financial Implications

62. This report seeks approval to spend additional preliminary expenditure for the amount set out in part 2 of this report.

63. Without this change to the GDA, HIF non-rail works would have to be paused until the funding decision is finalised. Pausing both the HIF Rail and HIF Street Works is expected to result in additional cost related to inflation, as well as de-mobilisation and re-mobilisation cost of both project teams. The anticipated budget impact of pausing both projects is an increase of cost by £5m for the Rail Works and an increase of £7.5m for the Street Works. In addition, pausing the projects could result in further exceptional costs if it must re-procure Main Contractor for both Rail and Street Works and re-do the work carried out by the existing Street Works contractor under the PCSA.
64. The additional spend is included within the current approved capital programme funded by HIF grant. The budget sits within the overall Meridian Water programme on the HIF road code (C020151) and HIF rail code (C020198).
65. Expenditure will only be reimbursed by DLUHC in arrears on a quarterly basis if (i) all conditions to grant funding being satisfied or (ii) variations to the GDA set out in Part 1 para 2 being agreed and signed. As such, there is a small risk that the expenditure will not be reimbursed, in which case it would have to be initially funded by borrowing and paid back via an additional unbudgeted revenue cost

Legal Implications

66. MD 6th June 2022

Section 1 of the Localism Act 2011 provides the Council with the power to do anything an individual may do, subject to a number of limitations. This is referred to as the "general power of competence". A local authority may exercise the general power of competence for its own purpose, for a commercial purpose and/or for the benefit of others. This general power of competence provides sufficient power for the Council to enter into the variations to the GDA proposed in this report. This provision also enables the Council to incur additional expenditure prior to completion of the variation to the GDA, subject to satisfaction that the proposals to are a prudent use of the Council's resources.

The availability of funding under the GDA is subject to various terms and conditions which are summarised in the body of this report. Failure to comply with the terms and conditions may result in DLUHC terminating the agreement, withholding grant funding and/or demanding repayment of any grant already paid.

Any expenditure incurred by the Council prior to receiving confirmation that any preconditions to funding have been met is at the Council's own risk. Similarly, any expenditure prior to formalisation of the variation to the GDA will also be at the Council's risk because it may not be claimed back from DLUHC as grant funding until either (i) all conditions to grant funding have been satisfied or (ii) variations to the GDA as proposed in this report have been completed and any conditions to that variation complied with. Budget pressures summarised in this report will need to be resolved in order for the Council to be able to claim the main grant funding amount. It is anticipated that these issues will be resolved by the end of this year. The proposals in this report allow the Council to continue with works required to ensure delivery of the project in accordance with the deadlines set out in the GDA but do expose the Council to greater financial risk in the interim.

All legal agreements entered into in consequence of the approval of the recommendations set out in this report must be approved in advance of commencement by Legal Services on behalf of the Director of Law and Governance.

Workforce Implications

67. Not applicable

Property Implications

68. There are no specific property implications arising directly from this report however it is anticipated that there may be future Property Imps as the HIF works progress and construction starts. Any future reports arising as a result of these proposals will need to be further reviewed and when property transactions are included Strategic Property Services will comment on those individual deals and reports at that time.

Other Implications

69. The recommendations in this report do not have other implications.

Options Considered

70. For the detail of the options considered see the HIF Options report. (attached to part 2)
71. **Do Nothing.** This option will result in having to pause both Rail and Street Works, until the budget pressures on the Street Works have been resolved and additional HIF funding for inflation cost by DLUHC is confirmed. This option has been rejected as it will have major impacts on programme, budget and housing outputs in Meridian Water.
72. **Pause Street Works.** This option de-links the Rail and Street Works under the GDA, enabling Rail Works to progress. Street Works are paused, and team is stood down until positive outcome of the DLUHC funding review expected in November. This option has been rejected as it will have significant impacts on programme, budget and housing outputs in Meridian Water.

Conclusions

73. The Council has made considerable progress since entry into the GDA in October 2020. Key approvals obtained and completion of contractor procurement on both Rail and Street Works means that the project teams are ready to deliver the works on site, subject to resolution of the budget pressure on Street Works and the outcome of DLUHC national funding review.
74. To maintain momentum on both the Rail and the Street Works, Enfield Council recommends de-linking the two projects under the GDA and increasing the preliminary funding cap. The Rail project is on budget and on programme, allowing us to deliver expected housing outputs. The majority of this re-profiled funding will be deployed to progress preconstruction activities and working towards a deliverable scheme within budget and programme.
75. This enables the Council to progress both projects and minimises the impact on programme and housing outputs whilst maintaining a balanced budget position until

completion of DLHUC funding review towards the end of the year where it is hoped hyper-inflationary cost pressures will be considered favourably for funding support.

Report Author: Pauline Albers
Regeneration Manager
Pauline.Albers@enfield.gov.uk
020 8132 2587

Date of the Report: 16/06/2022

Appendices

- Appendix A – Confidential Appendix Part 2

Background Papers

The following documents have been relied on in the preparation of this report:

- HIF Options Report
- GDA agreement

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank